

## 18. Economic and business impacts

This Chapter examines the potential regional and business impacts that would potentially arise from the construction and operation of the SWRL. The existing economic context in the South West region of Sydney is described in Section 5.1.7.

### 18.1 Assessment approach

The regional impact assessment involved three key components:

- reviewing the key economic indicators in South West Sydney (see Section 5.1.7)
- reviewing the macroeconomic significance of the SWRL
- assessing the potential key regional economic impacts of the SWRL.

The business impacts assessment involved the following components:

- reviewing the key business indicators in South West Sydney
- conducting a survey to identify the businesses affected by the construction and operation of the SWRL corridor and surrounding neighbourhoods
- assessing the anticipated positive and negative impacts of constructing and operating the SWRL on businesses identified in the business survey.

Finally, the implications of the SWRL for the hierarchy of centres established through the Metropolitan Strategy and subsequent sub-regional planning strategies were reviewed, and potential impacts identified.

The assessment did not empirically estimate the potential business and economic impact of constructing and operating the SWRL. Instead, qualitative assessments of the expected impacts were made to determine the sources, types, and direction of potential economic impacts.

### 18.2 Regional economic impacts

#### 18.2.1 Macroeconomic significance of SWRL

Transportation infrastructure projects such as the SWRL are linked with productivity, growth and economic prosperity. Their provision can expand the productive capacity of areas like the South West region of Sydney, by increasing resources and enhancing the productivity of existing resources in the region. Increased accessibility across the region afforded by the SWRL would, for example, not only improve the capability of the region to transport large volumes of passengers more cheaply, but it would also reduce the cost of mobility via improvements in journey times.

Although there is no direct study quantifying the SWRL's contribution to productivity, growth and economic prosperity, there is a large body of work indicating that the provision of such infrastructure has a positive effect on growth and standards of living. The Australian Treasury (1992, p.19), for example, recognised that infrastructure is an important

determinant of a country’s standard of living, because of its influence on factors affecting the community’s quality of life, including economic growth, environmental protection, health and safety. Similarly, the World Bank (1994) emphasised the important role that infrastructure services play in ensuring households and businesses function effectively. The Australian Productivity Commission (2005, p. 47-52), in reviewing national competition reforms, found that improving the efficiency of infrastructure services in key infrastructure sectors (including urban transport), over the period 1989-90 to 1999-00, increased Australia’s real Gross Domestic Product by 2.5 %.

One of the first studies formalising the relationship between infrastructure and economic output was the work of Aschauer (1989). Aschauer (1989, p.182) estimated that, in the United States, a one % increase in public infrastructure spending would result in 0.4 % increase in economic output (herein referred to as the output elasticity). Since then, a number of Australian specific studies have estimated the economic benefits of investing in infrastructure using this output elasticity measure. The results of some of these Australian studies are shown in Table 18-1.

**Table 18-1 Australian studies investigating the relationship between public infrastructure investment and output**

Study	Description
Otto and Voss (1998)	A 1% increase in public expenditure is expected to result in 0.07% increase in economic output (p. 58).
Kam (2001)	A 1% increase in public expenditure is expected to result in 0.10% spill-over effect to output (p. 11).
Pereira (2001)	A 1% increase in public expenditure is expected to result in 0.17% increase in economic output (p. 274).
Song (2002)	A 1% increase in public expenditure is expected to result in 0.27% to 0.38% increase in economic output (p. 15).
Ecotech (2004)	A 1% increase in public expenditure is expected to result in 0.13% increase in economic output (p. 25).

Taken together, the implications of these studies in the context of the SWRL and the wider South West Growth Centre development are as follows:

- Public infrastructure provision is an important determinant for successful economic development.
- Public infrastructure provision has a significant, positive impact on economic output and growth.
- The impact of infrastructure provision on economic growth in Australia, as measured by output elasticity values, has been observed to range from 0.07% to 0.38%, which provides a median estimate of 0.13% for every 1% increase in public expenditure.

## 18.2.2 Regional impacts of the SWRL

### Economic growth

The construction and operation of the SWRL is expected to have a positive impact on the economic growth of the South West region’s economy. In particular, the improved connectivity and access to areas not previously served by rail would help facilitate economic

growth, investment and residential development along the new rail corridor. In addition, the SWRL would improve the level of service of public transport to existing areas in the region, such as Liverpool. Principally, this potential impact is expected to be reflected by a change in output, gross regional product, personal income and employment in the region.

The investment and provision of the SWRL is, therefore, expected to impact positively on:

- regional output – reflecting the increased value of business sales of goods and services associated with the construction and operation of the SWRL in the region
- gross regional product – reflecting the increased value of goods and services produced in the region that are not purchased for further processing or resale from the construction and operation of the SWRL
- regional income – reflecting the increased value of wages paid to workers during the construction and operation of the SWRL
- regional employment – reflecting the increase in the number of jobs associated with construction and operation of the SWRL.

These potential regional economic impacts on output, gross regional product, income and employment would be 'direct', 'indirect', 'induced' or 'dynamic'. Potential direct impacts would relate to those businesses directly affected by the construction and operation of the SWRL (e.g. local food outlets and retailers benefiting from increased patronage during the operation of the SWRL); potential indirect impacts would relate to those businesses supplying direct businesses (e.g. increased demand for the goods and services businesses supplying food outlets and retailers); potential induced impacts would relate to those businesses affected by the spending of incomes by direct and indirect workers (e.g. spending by food outlet and retail employees on other businesses); and potential dynamic impacts would relate to how the SWRL would shift population, work force, labour costs and prices (e.g. the role of the SWRL in improving the productivity of businesses and in attracting economic activities such as inward investment and population). In effect, the sum of all these effects is expected to be the total potential impact of the SWRL on economic growth.

### **Socio-economic costs**

The opening of the SWRL has the potential to reduce the reliance on private vehicle use and the number of vehicles on roads. Reducing reliance on private vehicles brings with it a reduction in socioeconomic costs. These socioeconomic costs relate to the amount of congestion, local air pollution, greenhouse gas emissions, and accident savings that the SWRL would produce relative to road use. Within this context, a number of benefits associated with rail use compared to motor vehicle road use can be noted:

- Urban rail transport is over twice as energy efficient as buses and five times as energy efficient as cars (Hill 2002, p.8).
- Rail infrastructure uses just 25 % of the land of a freeway and one peak hour train replaces a line of cars 5 kilometres long (Hill 2002, p.8; Australian Railway Association 2004, p.3).
- Rail transport accounts for far less total greenhouse gas emissions than road vehicles (Australian Greenhouse Office 2005, pp.3-4).
- Rail transport has, on average, far less fatalities than road transport (Department of Transport and Regional Services 2004, p.23).

Overall, the shift to rail from car based travel is expected to contribute to a reduction in socioeconomic costs in the South West Growth Centre. In doing so, the SWRL would improve travel times, the productive capacity of the region, prospects for better gross regional product and the overall well-being of the community (see, for example, Centre for International Economics 2005; Bureau of Transport Economics 2000).

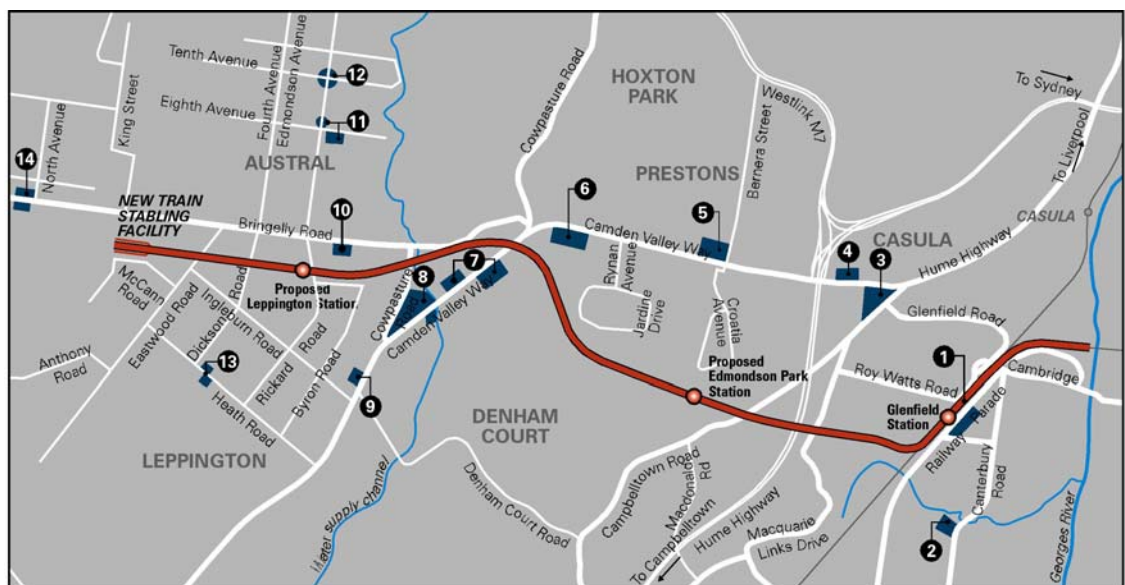
### Transport affordability

The cost of using the SWRL is expected to be cheaper than other modes of transport currently available in the planned South West Growth Centre. With rising petrol prices and the substantial distance travelled by commuters to the city from the South West region, the SWRL would provide a more affordable means for commuters to reach their destinations across metropolitan Sydney (including access to Liverpool and Parramatta). The improvement in transport affordability and access is expected to translate into higher household incomes and living standards for communities in the region.

## 18.3 Business impacts

### 18.3.1 Businesses in the vicinity of the SWRL

A site visit was conducted to the Glenfield, Edmondson Park, and Leppington areas and surrounding neighbourhoods to determine those businesses most likely to be affected by the development of the SWRL. Figure 18-1 identifies 14 business localities along the SWRL corridor, specifically those businesses located at Glenfield Station, and proposed Edmondson Park and Leppington Stations. The Figure does not include rural businesses such as market gardens along the SWRL corridor. These businesses are considered below as part of the business impact assessment. A detailed description and listing of businesses are provided in the locality tables below.



**Figure 18-1** Localities of businesses

Note: Refer to text and tables for details of businesses at each locality.

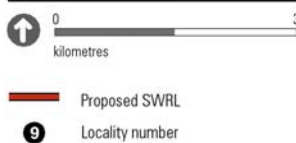


Table 18-2 summarises the businesses in each of the localities identified as being potentially affected by the proposed SWRL.

**Table 18-2 Summary of businesses by locality**

Locality	Location	Description
1. Glenfield town centre	Eastern side of Glenfield Station	Around 26 businesses
2. Glenquarie Shopping Centre	Corner Victoria Road and Brooks Street, Macquarie Fields	A medium to large-scale shopping centre with supermarkets and retail stores.
3. Bulky goods retailers and hotel	South side of Camden Valley Way at junction with Hume Highway	Various large-scale department stores including major bulky goods retailers and a large public hotel.
4. Service station and restaurants	Northern side of Camden Valley Way, east of the South Western Freeway	Service stations and restaurants.
5. Garden centre	Northern side of Camden Valley Way at the junction of Bernera Street	Shepherd's Garden Centre
6. Theme park	Southern side of Camden Valley Way, east of Cowpasture Road	O'Neil's Adventure Land, a children's theme park (Note: This park appears to be closed, but this could not be confirmed during the site visit).
7. Retail and service centre	Camden Valley Way, north of the Sydney Water Supply Canal	Businesses include a motel, restaurant and kennel facility.  On the eastern side of Camden Valley Way is a shopping centre with a hardware/motors shop, liquor store, pet and hardware store, and flower store.
8. Service and leisure centre	Junction of Cowpasture Road and Camden Valley Way, south of the Sydney Water Supply Canal	A sports and social club, caravan park and nursery.
9. Leppington shopping centre	Western side of Camden Valley Way, north of Denham Court Road	Businesses include a supermarket/general store, hair salon, pharmacy, take-away food outlet, newsagency and post office.
10. Heavy vehicle service station	South side of Bringelly Road	A service station for heavy vehicles.
11. Austral service and leisure strip	Junction of Eighth Avenue and Edmondson Avenue, Austral	Austral Bowling Club (on the eastern side of Edmondson Avenue) and an auto repairs dealer on the south side of Eighth Avenue.
12. Austral shopping strip	Junction of Edmondson Avenue and Tenth Avenue	Various shops
13. Petrol station and garden centre	Heath Road, between Rickard Road and Dickson Road	A service station on the northern side of Heath Road and a garden centre on the southern side of Heath Road.
14. Rossmore shops	Bringelly Road west of North Avenue	Businesses include a pet/farm products shop, a hardware store, take away food outlet and newsagent, service station and vet.

In addition to the businesses noted above, both Edmondson Park and Leppington neighbourhoods have a number of rural-residential developments and businesses, including market gardens, greenhouses and small-scale hobby farming that are located along and adjacent to the proposed SWRL rail corridor. According to Edge Land Planning (2003),

in 2003, Edmondson Park had approximately 167 rural lots of which 128 lots were used for rural residential uses only. Of the remaining lots, 23 were used for commercial-related purposes. At Leppington, there are approximately 725 lots, of which 535 are rural-residential. Of the remaining lots, 157 were used for commercial-related purposes. Although these businesses were not directly noted, the potential impacts of the SWRL on these businesses are discussed below.

### **18.3.2 Business impacts during construction**

The construction period of the SWRL is expected to take place over a period of approximately 3 years. Over this period, it is likely that there would be some disruptions to local businesses in the immediate vicinity of the construction work sites and surrounding areas.

The construction of the SWRL would involve a large investment by the NSW Government. Such construction investment would be expected to generate considerable and positive economic impacts on local and regional businesses. These benefits would mainly result from the initial and flow-on impacts associated with construction of the SWRL. In summary:

- Initial potential impacts would relate to the first-round impacts of construction. First-round impacts are the value of goods and services (including numbers employed) necessary to establish the SWRL. Construction businesses are generally positively affected by the increase in construction activity. Examples of these businesses include construction, landscaping, or civil engineering contractors and suppliers located in the South West region. However, as these businesses were not captured as part of the local business survey, they were not considered further in this assessment.
- By contrast, flow-on potential impacts would occur because inputs would need to be purchased from many other sectors (including local and regional businesses) to construct the SWRL. Businesses would benefit from a direct increase in demand for goods and services resulting in an increase in sales turnover. This in turn would support suppliers of these businesses and so on. Examples of the types of local businesses benefiting from the potential flow-on impacts may include service stations, eateries, food stores, other retail and/or accommodation services.

With reference to the businesses and localities identified in the business survey above, the potential positive and negative impacts of constructing the SWRL are discussed below. Only the main potential impacts on localities are identified and discussed. These potential impacts are expected to be temporary and would only apply over the life of the construction period.

Table 18-3 summarises the potential impacts on businesses in each of the localities identified.

**Table 18-3 Summary of potential business impacts**

Locality	Description
1. Glenfield town centre	<p>A substantial amount of construction activity is expected to take place at Glenfield Station and the surrounding areas. Extensive improvement works are proposed at Glenfield Junction, including a widening of the current railway corridor towards Railway Parade to accommodate the new down platform and track. These construction works would involve reconfiguration works to the existing car parking facilities on Railway Parade and diversion of the existing overhead power transmission lines. The existing parking would be removed for construction purposes. However, these would be replaced. It is also likely that restricted stopping arrangements would need to be imposed on Railway Parade to ensure a smooth traffic flow (see Chapter 11).</p> <p>Together, the above construction activities are likely to cause disruptions to the local town centre. Depending on the strength of this demand, it is possible that certain types of businesses (such as food outlets) in the local area would benefit from this new demand.</p>
2. Glenquarie Shopping Centre	<p>Glenquarie Shopping Centre is located south of Glenfield. During the construction phase, there is unlikely to be any major negative impact on these businesses.</p>
3. Bulky goods retailers and hotel	<p>The cluster of bulky good retailers and 'The Crossroads Hotel' located on Camden Valley Way (on the Junction of Hume Highway and Campbelltown Road) are not expected to be affected by construction of the SWRL.</p>
4. Service station and restaurants	<p>The businesses located north of the SWRL could be affected during construction by a small increase traffic flows associated with haulage vehicle trips on Camden Valley Way. While the service station and restaurant may benefit from increased traffic flow and increased sales, the garden centre and theme park would be unlikely to benefit from increased demand for their goods and/or services.</p>
5. Garden centre	
6. Theme park	
7. Retail and service centre	<p>The retail and service centres businesses located on Camden Valley Way, south of the SWRL, would be affected in a way similar to that noted for Localities 4, 5 and 6 above.</p>
8. Service and leisure centre	<p>Demand for goods and services may increase during the construction period as a result of flow-on effects from construction worker activity.</p>
9. Leppington shopping centre	
10. Heavy vehicle service station	<p>The petrol station located south of Bringelly Road could be affected positively by the increased construction vehicle movement on Camden Valley Way.</p>
11. Austral service and leisure strip	<p>The direct construction impacts of the SWRL on the Austral town centre are not likely to be significant, as it is some distance away from the construction site (3 to 4 kilometres).</p>
12. Austral shopping strip	
13. Petrol station and garden centre	<p>The businesses located on Heath Road are not expected to be significantly affected by the nearby construction at Leppington Station.</p>
14. Rossmore shops	<p>The Rossmore shops are located west of the proposed train stabling facility. These businesses may benefit from construction of the Stabling Facility, as increased patronage occurs from construction works and workers.</p>
Rural businesses	<p>As noted in the preceding section, there are rural-type businesses located on the proposed SWRL corridor alignment. If the SWRL Concept Plan is approved, properties directly affected by the project would be acquired.</p> <p>Other nearby rural and market garden-type businesses in the neighbourhood would be subject to construction impacts associated with access and congestion in nearby roads, as well as noise and vibration. The viability of some rural businesses in Leppington and Rossmore may be affected by partial acquisition. This would need to be considered by TIDC and the Department of Planning in the project and acquisition strategy (see Chapter 10). These properties are also located within the proposed development area for the wider Growth Centre development.</p>

### 18.3.3 Business impacts during operation

The SWRL is expected to be operational by 2012. At this time, it is expected that the majority of businesses would be positively impacted by the operation of the SWRL. In particular, the SWRL would attract a steady increase in patron movement and population growth into the area. This growth would be complimented by greater accessibility across the region, improved linkages to employment centres (including the Global Arc), and ultimately, improved land values.

The above factors, together with the broader land development, would lead to a steady increase in economic activity and demand for goods and services. This increase in demand would improve sales turnover and hence greater employment opportunities and profitability for existing businesses (including those identified as part of the business survey). However, the ability of existing businesses to meet the increased demand is likely to exceed the available supply as the market expands and the planned centre of Leppington grows. New opportunities for entrepreneurs would, therefore, emerge along with inward investment into the region as new businesses are established to meet growing demand.

Figure 18-2 below illustrates the potential impact of an operational SWRL on businesses in the region. The improvement in transportation and access afforded by the SWRL would attract inward investment and demand for goods and services. As a result of this growth, businesses would most likely respond by changing the type and composition of their business to better meet consumer choices and preferences. Existing businesses would expand or new businesses would be established to meet the demand for goods and services. This in turn would lead to regional economic growth.

Overall, the key potential impacts of the SWRL operation on businesses at the microeconomic level would be as follows:

- an increased number and type of businesses across new and existing development areas, reflecting increased demand for goods and services
- enhanced competition across new and existing development areas, reflecting growth in business activities, business expansion and new start-ups
- growth in profitability across new and existing development areas, reflecting increased commerce and demand for goods and services
- improved access to, and larger stock of labour and customers for local and regional businesses, reflecting improved connectivity and movement of people across metropolitan Sydney
- potentially higher property values and rents for local and regional businesses, reflecting growth in the demand for real property as a result of the rising population, income and business activity.

Some of these potential impacts would be positive and negative, depending on the circumstances of the business. For instance, a business land owner would benefit from an increase in land values caused by higher property values. In contrast, a business operator renting in the South West Growth Centre would have to pay higher rents. However, this would be balanced by the increased demand for goods and services and dependent on business type. On the whole, it is expected that any negative effects would be short-term and minor.



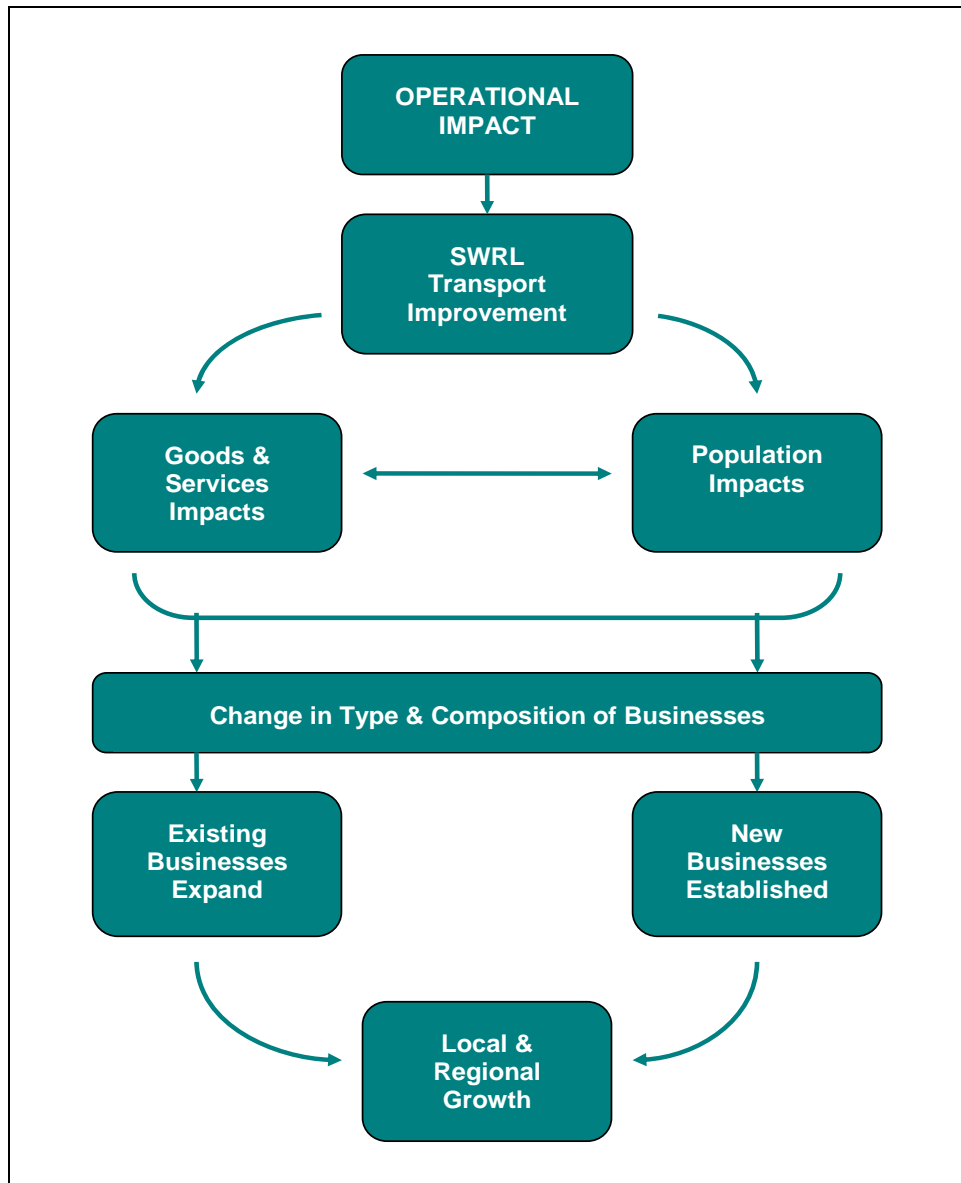


Figure 18-2 Potential operational impacts of SWRL

## 18.4 Impacts on the surrounding centres hierarchy

### 18.4.1 Centres hierarchy

The Sydney Metropolitan Strategy categorises current and emerging strategic centres into defined typologies including Global Sydney, Regional Cities, Major Centres, Specialised Centres, Employment Lands, Town Centres, Village Centres, and Neighbourhood Centres. Figure 2-2 in Chapter 2 depicts the existing and proposed hierarchy of centres identified under the Metropolitan Strategy and the Campbelltown Structure Plan.

Sub-regionally significant centres are identified as follows:

- regional city – Liverpool (As a Regional City it will provide for more lifestyle and work opportunities close to the growing parts of Sydney – see Figure 2-1.)

- major centre – Campbelltown (As a 'major centre', Campbelltown will provide the major shopping and business centre for the district, usually with council offices, taller office and residential buildings, a large shopping mall and central community facilities– see Figure 2-1.)
- potential major centre – Fairfield, Prarieewood and Cabramatta (as 'potential major centres' these places may grow to take on the role of major centres in the future– see Figure 2-1.).

Additionally, the Centres and Corridors component of the Metropolitan Strategy identifies Leppington as a Planned Major Centre.

The Liverpool CBD is developing as the Regional City serving the South West Sydney sub-region, one of the most rapidly growing sub-regions in Australia. It is located near the Orbital Motorway Network, rail infrastructure, and the Parramatta-Liverpool Transitway. The NSW Government has made a strong commitment to expand health infrastructure in the centre of the city and significant opportunities exist to develop educational, recreational and public transport assets.

Campbelltown CBD is a major retail, and business and government services centre with a service catchment incorporating not only the Campbelltown LGA, but also extending across the adjacent LGA of Camden and Wollondilly. Although within the same sub-region, the potential major centres of Fairfield, Prarieewood and Cabramatta are currently retail centres serving local catchments and are unlikely to be directly affected by the SWRL project.

The Draft Campbelltown Centres Structure Plan identifies a hierarchy of significant centres in the Campbelltown local government area adjacent to the Main South Line of the Sydney metropolitan commuter rail network (see Section 3.2.2). These identified centres are important in terms of this study, as they are located along the Main South Line and would be affected by the SWRL project. Under the Structure Plan, the following typology is identified:

- Macarthur is identified as a key Retail Destination, due to its location at the terminus of the metropolitan services on the Main South Line and the Macarthur Square shopping centre.
- Campbelltown is identified as a 'regional administration and business services centre', as it is the most significant business and government services centre identified in the Campbelltown LGA.
- Leumeah is identified as a 'sports and local centre', as it is the location of Campbelltown Stadium and a cluster of small retail outlets with local customer catchments.
- Minto is identified as a 'district centre', as it is located in the approximate geographic centre of the Campbelltown LGA, with access to the metropolitan rail network at Minto Station and hosting a medium-sized retail mall at Minto Mall.
- Ingleburn is identified as a 'district retail and business services centre' as it is strategically located adjacent to a significant agglomeration of warehousing, light industrial and business services land uses.
- Macquarie Fields is identified as a 'local centre', servicing the local residential area of Macquarie Fields.
- Glenfield is identified as a 'local centre'; however its significance as a key transport hub could grow with the development of the SWRL. With the SWRL, Glenfield would be close to the future junction of the Main South Line, the East Hills Line and the SWRL. The implications of this are discussed below.

- Edmondson Park is not identified as a centre in the Structure Plan.

#### **18.4.2 Potential impacts of the project on the surrounding centres hierarchy**

Being the trunk public transport infrastructure corridor for the proposed South West Growth Centre, the SWRL is likely to have significant potential impacts on the sub-regional economy. In the initial stages of development, the Regional City of Liverpool and the Major Centre of Campbelltown are likely to grow in response to increased demand from new residential release precincts in the South West Sector where local services/facilities are unlikely to have commenced operation. The development of the SWRL would reinforce growth in Liverpool and Campbelltown, as these centres would become more attractive locations for employment and access to goods and services due to the range of choices in employment, goods, and access to cultural, educational, and health service, and recreational and entertainment facilities.

Beyond the first two decades of development within the South West Growth Centre, relative demand for services in Liverpool and Campbelltown is expected to reduce as Leppington emerges as a Major Centre, and village and neighbourhood centres are developed within the Edmondson Park, Oran Park and Turner Road first phase release precincts.

The future role of Glenfield may also evolve over the long term, given its strategic location at the future junction of the SWRL, Main South Line and the East Hills Line, and within proximity to the junction of the M5 Motorway and the Hume Highway. Being a future key interchange on the Sydney commuter network, Glenfield could be elevated in the sub-regional retail hierarchy as commuters utilise Glenfield as a key location for retail and educational services, and park-and-ride commuting.

The development of the SWRL, the establishment of an interchange at Glenfield, and the sequencing of residential release, are factors that may influence whether the rate of growth and potentially the pattern of growth in planned centres within the South West Growth Centre are achieved, and the extent and types of services required at each centre. The configuration and quality of service of connecting transit services to the SWRL would influence the prominence of the planned centres, including the mix and intensity of uses within the centres.

### **18.5 Recommendations for further assessment and mitigation**

In the context of the potential economic and business impacts of the SWRL, the following further assessment and/or actions are recommended in the next phase of the project to manage potential impacts on local businesses and surrounding centres:

- assessment of the magnitude of the impacts of construction on adjacent businesses during construction and undertake consultation with business owners during construction planning to address their concerns
- liaison with the Department of Planning (Sydney Region West) and Campbelltown Council about the planning implications of the SWRL project for Glenfield.

It is also recommended that TIDC liaises with the Department of Planning (Subregional Planning Department) and Campbelltown Council about the planning implications of the SWRL project for the hierarchy of Glenfield, given the potential growth pressures associated with its role as a rail interchange/transit centre.

