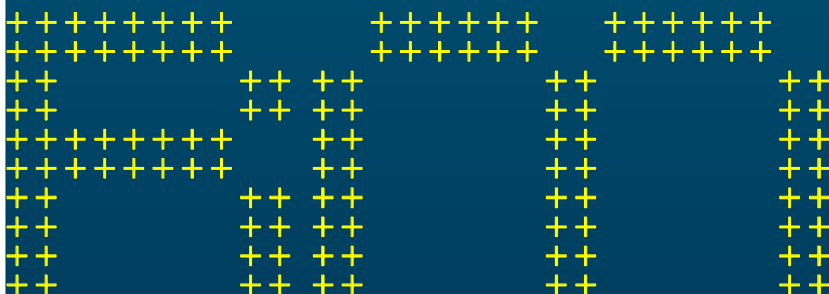
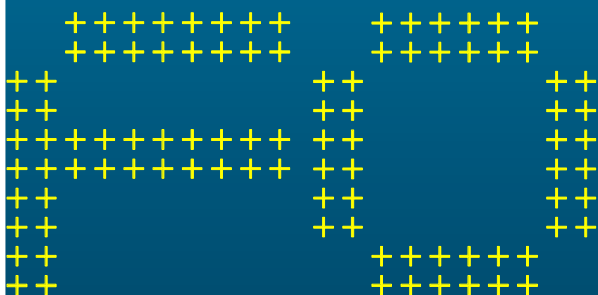
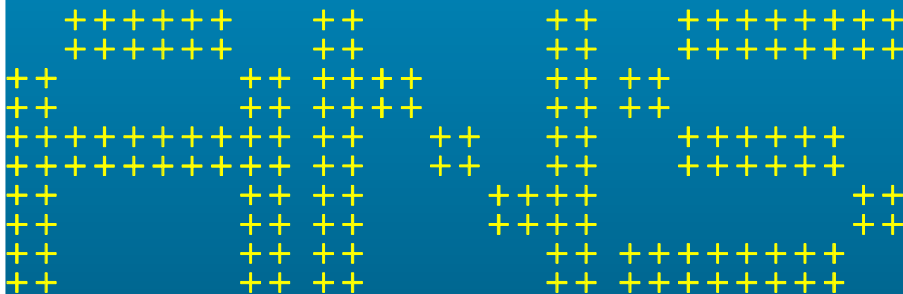
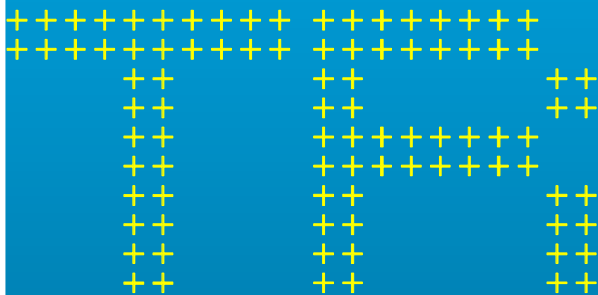


Clause 6 Request & Preliminary Environmental Assessment – Former Tempe Tip Site

February 2008



VALAD

urbis

Clause 6 Request and Preliminary Environmental Assessment - Former Tempe Tip Site

Prepared for Valad Property Group

Level 9

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SYDNEY NSW 2000

February 2008

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1 Introduction

This report relates to land located to the east side of the Princes Highway, Tempe between Smith Street and Bellevue Street. The site consists of the former Marrickville Council landfill site (Tempe Tip), the former Ateco site (former Penfolds wine storage), Pretty Girl building and a Kennards Self Storage development.

This report has been prepared on behalf of the Valad Property Group. The proposal seeks to transform the site to accommodate a new flagship IKEA warehouse and showroom together with its regional office headquarters. The proposal also includes the re-positioning of the Kennard's development on the site and the necessary enhancement of access points to the site.

This report provides an overview of the proposed concept, a strategic planning justification for the project and a summary of the key issues for consideration in the next phase of the Part 3A process.

In accordance with Clause 6 of State Environmental Planning Policy (SEPP) – Major Projects, and under the provisions of the Part 3A provisions of the Environmental Planning and Assessment Act, (The Act) 1979, we formally seek the Minister's confirmation that the proposal is to be declared a Major Project. Concurrently, we also request the issuance of the Director-General's Environmental Assessment Requirements (DGEARs) for this proposal to inform the preparation of the documentation in seeking a Concept Plan approval.

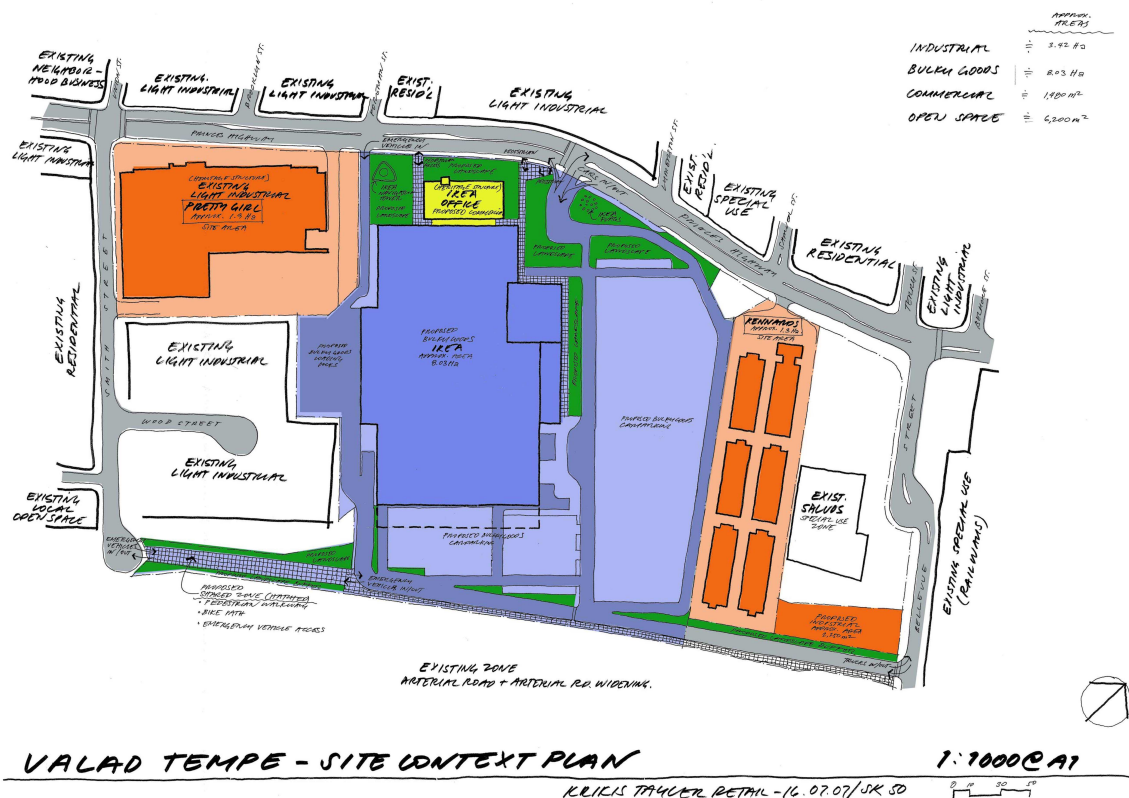
2 Description of Proposal

2.1 Overview

The proposal will create an integrated employment hub comprising industrial, bulky goods retailing and commercial office activities.

A copy of the design concept is shown in Figure 1 below.

Figure 1 – Design Concept



The proposal is as follows:

- A new IKEA showroom and warehouse totalling approximately 33,000m² and car parking for approximately 1,650 car spaces.
- New Australian headquarters for IKEA, adaptively reusing the historically significant portion of the Ateco building, occupying approximately 3,000m² of commercial office floor space over two levels.
- A future industrial (or other complementary use) reuse of the Pretty Girl building, totalling approximately 19,000m².
- Relocation and expansion of the Kennards self storage development towards the southern part of the site, totalling approximately 18,000m².
- Creation of new open spaces off Princes Highway, totalling 6,200m².

The development will be master planned in order integrate public domain areas, landscaping and the proposed open space areas.

The proposal comprises the following approximate land use areas:

	Area	% of total
▪ Bulky Goods	8.03ha	59
▪ Industrial	3.42ha	25
▪ Commercial	1.48ha	11
▪ Open Space	0.62ha	5

2.2 Intended Process

Once we receive the DGEARs, it is the intention of the proponent to prepare a detailed Concept Plan Application to carry out all works of the project. The detailed Concept Plan will address all the required environmental considerations to obviate the need for further separate applications to be assessed and determined.

3 Site Details

The site is located on Princes Highway between Smith and Bellevue Streets at Tempe. It comprises multiples lots, totalling approximately 12.14 hectares.

The properties and uses within the site include:

- The former Tempe landfill land recently purchased from Marrickville Council. The land is temporarily used for shipping container storage.
- The Ateco site (former Penfolds wine storage building). The building is listed as a locally significant heritage item with the office component and prominent clock tower along the Princes Highway frontage comprise the greatest significance.
- The Pretty Girl site (on corner of Princes Highway and Smith Street).
- The Kennards self storage site which comprises rows of rectangular buildings with individual rooms for self storage.

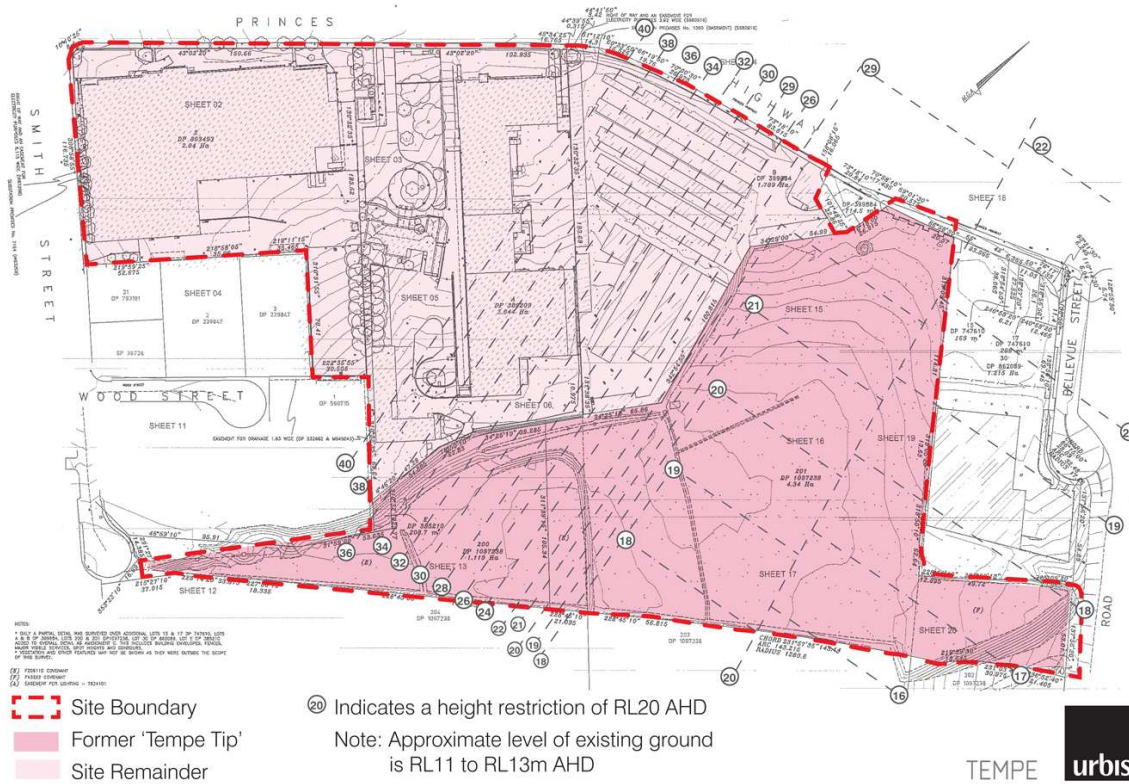
Figure 2 – Site Area



The majority of the site is highly constrained, as it was the former 'Tempe tip' (see **Figure 3**). There are on-going obligations for Council to test and monitor contamination levels on this land. The former tip use of this large part of the site presents a significant constraint to development for any use other than commercial/industrial and for development requiring excavation.

The site is also significantly impacted by the Sydney Airport noise exposure contours and height limitations. The map on the following page identifies the height limit contours that affect the site which restrict the scale of future built form.

Figure 3 – Site Constraints

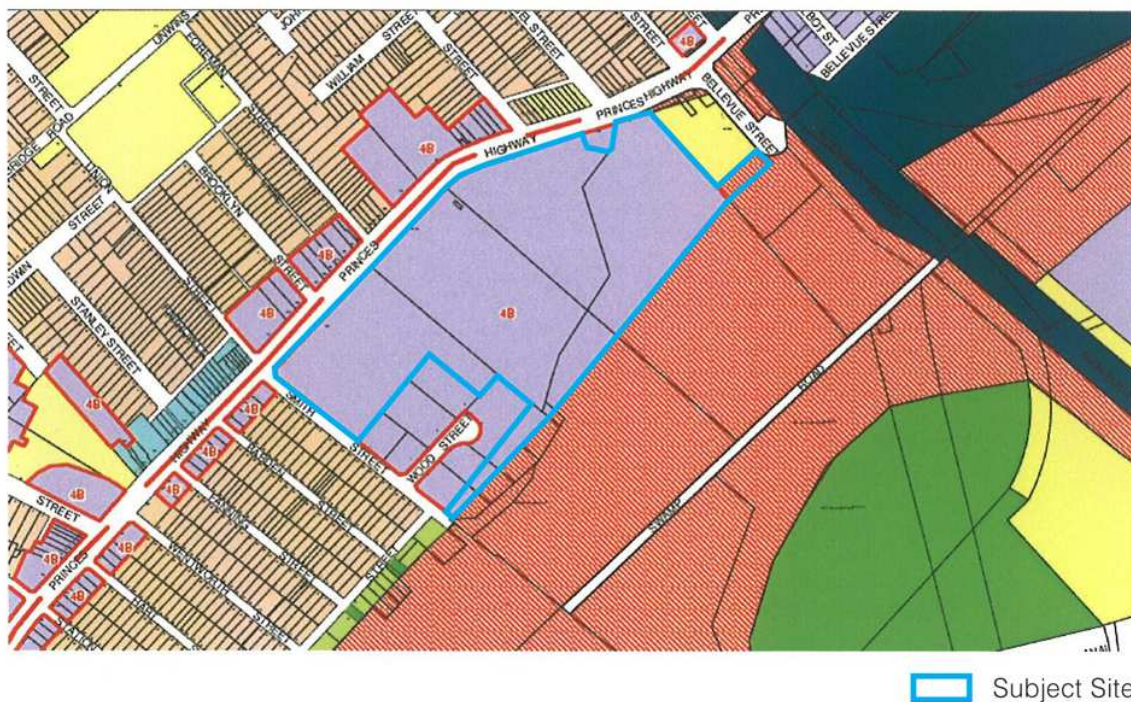


4 Summary of Planning Context

The key town planning considerations are summarised as follows:

- Zoned Light Industrial 4B, under Marrickville LEP 2001, see Figure 4 below.
- Bulky goods retailing and commercial premises are prohibited in the zone under LEP 2001.
- The relocated and expanded Kennard's storage facility and industrial reuse of the Pretty Girl building are permissible uses with consent in the existing zone.
- Marrickville Urban Strategy 2007 – identifies site within the Princes Highway Enterprise Corridor
- While, the proposed bulky goods retailing and commercial office component of the proposed development is prohibited, a substantial proportion of the proposal is permissible. Hence the proposal seeks to trigger the provisions of SEPP Major Projects that enables the Minister to assess and determine an application that is part permissible and part prohibited, under Part 3A of the Legislation. Accordingly, we request the Minister authorise the submission of a Concept Plan.

Figure 4 – Extract from Marrickville LEP 2001 Zoning Map



Marrickville LEP 2001 contains Floor Space Ratio (FSR) controls that would apply if the development was assessed under Part 4 of the Act. We have provided an assessment of the proposal under the FSR control of 1:1 within LEP 2001 in order to demonstrate that the scale of the development proposed is compatible with that intended for the site under the local planning controls.

The overall site will be divided in the following development sites (excluding the proposed southern service road) as outlined in the table below:

Table 1 – FSR Compliance

Site Portion	Approx. Site Area	Total GFA	Approx. FSR
IKEA – including part retention of the Ateco building, and new IKEA building	7.09ha	39,500m ² (office and IKEA showroom and warehouse)	0.56:1
New Kennard's site	1.8ha	16,062m ²	0.89:1
Existing Pretty Girl site	2.32ha	13,000m ²	0.56:1
Proposed Roads, Open Space etc	0.93	n/a	n/a
Total	12.14	68,562m ²	0.57:1

As illustrated above, the proposal will comfortably comply within the 1:1 FSR control which is the principle built form control within LEP 2001.

5 Strategic Planning Considerations

5.1 Overview of the draft South Subregional Strategy

We have assessed the IKEA proposal against the provisions of the draft South Subregional Strategy (the “Strategy”). It is clear that the IKEA proposal is entirely consistent with the aims and actions of the Strategy. The following extracts from the Strategy are of particular significance to the IKEA proposal.

Future Site Land Uses

The following extracts from the Strategy provide specific comments about the subject site:

- *“Marrickville, Tempe (3) Princes Highway: Freight and Logistics, Commercial, Bulky Goods). “The area located to the east side of the Princes Highway, Tempe between Smith Street and Bellevue Street. The site consists of the former council landfill site (Tempe Tip), the former Ateco site (former wine storage), Pretty Girl and Kennards Self Storage. This area also contains a number of modern factory/office buildings on large parcels. They include clothing warehousing and wholesale, freight couriers, refrigeration specialists and importers of vehicle parts.*
- ***¹The land is substantially affected by the Obstacle Limitation Surface, Aircraft Noise and land contamination constraints (old landfill). Given the mix of existing uses on the site and the limitations of this site, the land should be retained for employment generating uses. However, a range [of] other higher order employment uses could also be considered. Any redevelopment of this site should be master planned to ensure all land use constraints are properly considered and adequately addressed.” (page 33)***
- *“There is little vacant land in industrial zones...As residential or commercial zoned land is unlikely to be converted to industrial, **intensification of existing employment zones will be necessary** to accommodate the increase.” (page 44)*

Industrial Land Use Classification

The Strategy classifies industrial land in one of three categories to guide its future development. The Strategy specifically refers to the Ikea site as outlined below:

- *“Category 2 – land with potential to allow for a wider range of employment uses: The second categorisation of Employment Lands is those which may have potential to accommodate a wider range of employment uses or more intensive scale of employment activity than currently permitted under the existing industrial zone.” (page 28)*
- *“10 hectares of land described as “Tempe, Princes Highway” has been placed within **Category 2 – land with potential to allow for a wider range of employment uses, including freight and logistics, commercial and bulky goods.**” (table 5, page 31).*
- *“Examples of Category 2 lands may include **employment locations along road and rail corridors well-serviced by public transport**, such as Enterprise Corridors, or on the edge of existing Strategic Centres which can contribute to their growth.” (page 28)*

Future Zoning Classification

The Strategy recognises the importance of sites on major roads, and defines important areas as Enterprise Corridors. The Strategy provides specific comments with respect to the subject site, as outlined below:

- *“Enterprise Corridors have been defined as areas which provide low cost accommodation for a range of local and regional services, including start-up **offices**, light industrial, **showrooms**, building supplies **and retail**, which benefit from high levels of passing traffic.*

¹ All text bolded for emphasis by author

*They run along major arterial roads which generally carry over 40,000 vehicles per day and provide a valuable buffer, at an appropriate distance from the road, from surrounding residential development. **The Metropolitan Strategy identified a series of Enterprise Corridors including Princes Highway**, ..to be investigated further through subregional planning an preparation of councils' Principal LEPs." (page 45)*

*"The South subregion contains a number of **existing corridors of strategic importance** including:*

- Marrickville LGA forms part of the City to Airport Corridor
- Marrickville LGA forms part of the Global Economic Corridor;...
- ...**Princes Highway ha[s] been identified as Potential Enterprise Corridor.**" (page 75)
- Figure 9 in the Strategy graphically illustrates the extent of the Princes Highway Corridor Zone, which includes the whole of the subject site.
- *"Some potential renewal sites for the South subregion that were identified include Princes Highway."* (page 58)
- ***"Enterprise Corridors are considered a more appropriate location [than Business Development Zones] for bulky goods retail land uses, where they can take advantage of signage opportunities, have a more compatible built-for and where there is better access to public transport."*** (page 73)

Conclusions from the Strategy

Following our assessment of the proposal against the provisions of the Strategy, we have drawn the following conclusions:

1. The subject site has specifically been considered in the Strategy with respect to its current and future land uses and has been deemed appropriate for higher order employment generating uses.
2. The subject land has been classified as a Category 2 land - meaning land with potential to allow for a wider range of employment uses than those permitted in the industrial zone such as freight and logistics, commercial and bulky goods.
3. Category 2 land may include employment locations along road or rail corridors well services by public transport, such as Enterprise Corridors.
4. The site is located within the Princes Highway Enterprise Corridor for the South Subregion.
5. Enterprise Corridors are considered appropriate locations for bulky goods retailing as they can take advantage of the highway frontage and access to existing public transport infrastructure.
6. Having regard to the above, the IKEA proposal is the type and scale of use considered to be highly appropriate for the site as it satisfies all the key directions of the Strategy relating to future land use planning for an industrial site of its type.

5.2 Consideration of Key Strategic Matters

Following a consultation meeting with officers from the Department of Planning regarding this proposal, we consider it important to address the strategic matters outlined below.

1. Will this proposal create a precedent?

No.

This report requests the Department of Planning to assess the IKEA proposal in accordance with Part 3A *Environmental Planning and Assessment Act, 1979*, and the *Environmental Planning and Assessment Regulation, 2000* pertaining to major projects. As such, this proposal does not request, nor require, the Department of Planning to make any special exemption to the statutory process.

Three key governmental strategic planning documents provide guidance on the future development of the site. These include:

- Sydney Metropolitan Strategy (2005)
- Draft South Subregional Strategy (2007)
- Marrickville Urban Strategy (2007)

It is our assessment that the IKEA proposal is entirely consistent with the provisions of these policies, which all recognise the site as suitable for an Enterprise Corridor zone. The Draft South Subregional Strategy, being the most recent strategy, provides further details regarding the desired future development of the site. It classifies the site as Category 2 land – meaning land with the potential to allow for a wider range of employment uses other than those permitted in the industrial zone. Of the other potential future uses, the Strategy specifically identifies bulky goods retailing as an appropriate use.

Since the IKEA proposal is entirely consistent with the desired future development sought from these key strategic policies, and given that the proponent is not requesting any special exemption to the statutory procedures for Part 3A major projects, it is our opinion that there is no potential for this project to create an unwanted precedent.

2. **Is this an appropriate out-of-centre development?**

Yes.

Site planning for bulky goods developments is guided by the Department of Planning's *The Right Place for Business and Services* Policy. Our application has carefully considered this policy, particularly with regard to the net community benefit criteria, discussed later in this report.

The critical consideration regarding the net community benefit criteria is the degree of consistency of the proposal with strategic planning policy. The Department of Planning has identified part of the Princes Highway, including the subject site, as an Enterprise Corridor. The Draft South Subregional Strategy clarifies what uses are deemed suitable for Enterprise Corridors. Bulky goods retailing is listed. Indeed, the Strategy specifically states that bulky goods retailing is appropriate for the subject site.

In the Strategy the Department of Planning has clearly considered determined the most appropriate locations to establish future bulky goods retailing in the South Subregion, having regard to the existing retail hierarchy and planned growth in the three major centres in the Subregion.

The Department has determined that the IKEA proposal is situated within the Princes Highway Enterprise Corridor; that it is entirely consistent with strategic planning policy; and has deemed it to be the most appropriate location in the Subregion for bulky goods retailing.

3. **Will this development adversely impact on the retail hierarchy?**

No.

This matter has been addressed partly in the response above regarding out-of-centre retailing, with the IKEA proposal constituting a wholly compatible development that accords with the desired future employment generating “bulky goods” use of the site.

The other aspect for consideration is the role and function of the major centres in the South Subregion hierarchy. For the reasons outlined later in this section of the report, it is our view that the IKEA proposal will not have any direct adverse impacts that would impede any of the three major centres continuing to operate in their current or desired future roles in the hierarchy.

Therefore, the IKEA proposal presents no reasonable concern to the current or planned balance of the retail hierarchy in the Subregion.

5.3 Consideration of the 9 Key Directions of the Strategy

The Strategy translates the Metropolitan Strategy at the local level, and provides a framework for councils to incorporate these directions in their local planning controls.

The Strategy contains 9 key directions it seeks to achieve. These directions have been tested against the Valad Property Group proposal to develop a 30,000m² IKEA facility on a 10hectare site, which includes the old Tempe Tip on the Princes Highway at Tempe, in the Marrickville local government area.

The impacts of the development on the South Subregional Strategy are outlined below.

1. Retain Strategic Employment Lands

The proposal upholds this key direction by seeking to establish a large scale employment generating use on-site, ensuring the function of the land remains for employment uses. The IKEA proposal includes a conventional large IKEA warehouse and retail showroom facility along with IKEA's regional head quarters in an adjoining building. The total IKEA development will provide approximately 600 jobs on-site. The proposal represents a significantly more intensive employment use of the land and this will enable Council to meet its employment targets, under the Strategy.

The subject site is identified in the Strategy as **"Category 2 land" – land with the potential to allow for a wider range of employment uses**. The proposed IKEA development meets the criteria for "Category 2 land".

2. Plan for Employment growth at Sydney Airport and Environs

Sydney Airports Corporation Limited (SACL) has an adopted master plan that proposes an expansion to airport facilities as well as additional commercial and retail developments. The proposed development is separated from existing airport lands by both the Alexandria Canal and the proposed SPIRE Road reserve. As most of the proposed site covers the old tip site and is affected by height controls, redevelopment options are restricted. The site is not directly connected to any existing airport lands.

3. Strengthen Hurstville's Commercial Centre

The plan to strengthen the Hurstville Commercial Centre's role focuses on improving public infrastructure and amenity as well as creating planning controls to attract development. The IKEA proposal will not impede the goal to strengthen Hurstville Centre for the following reasons:

- The subject site is located a considerable distance from Hurstville (11kms)
- The proposal is for a large 'single use' development that does not match the desire to attract a greater commercial office component in order to balance the current high proportion of retail space in the Hurstville Commercial Centre.
- The land area requirement (12 hectares) to accommodate the proposed development cannot readily be met in the Hurstville Commercial Centre.
- The nature of the proposed operation of an IKEA store would not positively fit in well with the desired finer grain building scale and streetscape amenity sought for Hurstville Commercial Centre.
- Finally, the establishment of an IKEA on the subject site will not create any off-site impacts that would prevent the expansion plans for Hurstville Centre, given the large distance separation between the sites.

4. Promote Kogarah as a Major Centre

The Strategy seeks to *"promote Kogarah as a Major Centre"*. Furthermore, the Strategy suggests, *"Kogarah may need to become a more distinctive specialised retail destination to distinguish itself from the larger retail malls and wider retail offer at Hurstville and Rockdale"*. The Strategy *"envisages the traditional main street and public domain area activities will extend into the evening in the future"*.

To achieve this, the Strategy encourages the continuation of the current strong medical and banking sector employment function in the Kogarah Town Centre and to supplement this with 'niche' retailing and additional housing.

The IKEA proposal's impact on Kogarah Town Centre, for the reasons outlined above with regards to Hurstville Commercial Centre, is not considered to impede the goal to promote Kogarah as a Major Centre.

Furthermore, while additional retail space is encouraged in the Centre, it seeks to attract a mix of retail uses suitable for main street retailing and to enlivening 'night time' activity. The proposed IKEA development is not an appropriate main street retail development given the large (12 hectares) land area requirement which is completely opposed to the small scale specialty shops that occupy main street retail strips. The goods and services provided in the IKEA store will not contribute to Kogarah in developing as a Centre distinctly different from other centres with large format malls, nor will it encourage a range of vibrant night life activities which the Strategy seeks to achieve for the Kogarah Centre.

For these reasons, the Kogarah Centre is not an appropriate location for the planned IKEA development. Furthermore, the proposed development is highly unlikely to impede or affect any plans promote Kogarah as a Major Centre.

5. Identify and investigate renewal areas for the South

The Strategy aims to encourage growth of employment and housing close to centres and existing infrastructure. It identifies the Princes Highway as a key corridor for such renewal. The proposed development constitutes a major urban renewal development that will retain and enhance the employment function of the land, creating an additional 600 direct new jobs on-site. This proposal will serve as a major catalyst for the future renewal of other disused and underutilised sites along this part of the Princes Highway. It will also support the existing public transport infrastructure.

6. Explore options for future development of Rockdale town centre and Botany Bay foreshore

The proposed development will not create any direct impacts on Rockdale Council's plan for a new civic focus at the waterfront on Botany Bay. Rockdale Council's plan is contingent on the planned F6 corridor being developed to take traffic away from the foreshore in order to improve the local amenity. The decision regarding the F6 corridor rests with the State Government and is unlikely to be committed to in the short term.

7. Investigate and resolve the roles of Caringbah, Miranda and Sutherland centres

These three centres are geographically in close proximity to each other and all perform important roles either in terms of major retail, employment and health services. The Strategy aims to broaden the employment opportunities in these centres in a complementary manner.

The proposed development is not considered suitable in type and scale for any of these centres to achieve the Strategy goal to "*broaden employment opportunities... in a way that... they don't compete for similar roles*". Furthermore, the proposed IKEA development will not impact on the current or future viability for expansion of these centres for the following reasons:

- There are no suitably sized sites (12 hectares) available in any of the centres to accommodate the IKEA development.
- Establishing the IKEA development at either Miranda or Caringbah would have inherent local issues given the short distance separation between these centres. This would act directly against the aims for each Centre to foster a point of difference so that they don't compete for the same roles.
- Sutherland Town Centre is not an ideal location for IKEA because its location is too far from IKEA's target market and it lacks highway exposure.
- Finally, the site is located within the Princes Highway Enterprise Corridor and as stated in the Strategy, bulky goods retailing is most suited to the subject site.

For these reasons the proposed IKEA at Tempe will not impact on the documented objectives setting out the roles of these centres, allowing them to grow in a complementary way.

8. **Recognise diversity across the subregion**

This Direction considers the diverse range of people (and their values) who reside in the subregion in any future planning.

Urbis has undertaken a comprehensive community consultation for this proposal in a variety of forums with residents and businesses near the site, community activists, key organisation stakeholders, and Council officers and committees. The overall sentiment reported from the consultation process was strongly supportive of the development plans for the site. (See **Appendix A** for copy of the Community Consultation report, prepared by Urbis).

Our research shows that there is a community view that IKEA will contribute positively to the revitalisation of the area and provide good employment opportunities for local people. IKEA's corporate reputation is strong, and there are expectations that it will be a 'good neighbour'.

As is documented in the Community Consultation Report, the community was particularly pleased about:

- The general revitalisation of the site and the anticipated positive effects on the broader locality.
- The provision of adequate parking facilities.
- The generation of local employment opportunities, particularly for young people
- The likely positive benefits to local businesses.
- The regard that IKEA is likely to have for sustainability – social and environmental
- That IKEA wants to be an active part of their community.

Of significance, was the perceived lack of community meeting places in the vicinity, and that IKEA presented an opportunity to become a place for social interaction among community members.

Based on our consultation findings, it is clear that the IKEA proposal is well regarded by the community and is considered broadly to be in the public's interests, delivering many physical and social benefits to the immediate surrounding community, as well as to the wider region.

9. **Protect scenic, heritage and environmental assets of the subregion**

The subject site contains part industrial/commercial buildings of heritage significance. The commercial office part of Ateco building with the prominent clock tower, which has served as a local landmark for decades, will be preserved and incorporated in the office headquarters component of the IKEA development. Godden Mackay Logan, Heritage Consultants, have provided report recommendations to ensure that cultural identity is appropriately treated and so that the link to the past use of the site is appropriately recognised. A copy of this report is attached at **Appendix B**.

5.4 **Consideration of the Action Areas of the Strategy**

In order to achieve the nine strategic directions discussed above, the Strategy targets seven subject areas, each containing specific objectives and actions. These are considered below.

A. ECONOMY AND EMPLOYMENT

In Section A of the Strategy, the key objective is:

A1 - "To provide suitable sites and employment lands in strategic areas"

In order to achieve this objective, the Strategy identifies a number of "actions". Our assessment of the proposal against the relevant actions follows:

Action A1.2 – Plan for sufficient zoned land to achieve employment capacity targets

- The site is industrial zoned land, and its current uses generate virtually no employment. The IKEA proposal will dramatically enhance the employment function of the land and will also broaden the type of employment activities by creating jobs in the retail and office worker sectors.
- The proposed employment generation of approximately 600 jobs will enable Marrickville Council to fully meet its employment capacity target under the Strategy.

Action A1.4 Contain the rezoning of Employment land for residential zonings

- As already identified, the proposal enhances the employment function of the land and does not request a rezoning for any residential uses on the land.

Action A1.9 Facilitate the Use of old Industrial areas

- The site is entirely located within the area identified by Council and the Department for review to enable the revitalisation of disused industrial lands.
- The site is **classified as Category 2 land**, and this is specifically identified in the Strategy as **Precinct 3 – Tempe, Princes Highway**. The Strategy acknowledges the Obstacle Limitation Surface, aircraft noise and land contamination constraints of the site. For these reasons, the Strategy seeks to allow for a range of other “**higher order employment uses**” to be considered on the site. The proposed development clearly fits this strategic direction.
- The proposed development is a use consistent with the site's Category 2 classification for the following reasons:
 - a) The proposal will significantly increase the level of employment on-site, which is currently negligible given its size and locational significance;
 - b) The proposal will create approximately **600 new jobs** in the retail and office sectors to complement the industrial jobs in the Kennards operation and within the ‘Pretty Girl’ building. The site currently employs approximately 30 people;
 - c) The site is well-served by public transport, with bus services to and from the city and surrounds operating along Princes Highway and the Tempe railway station is situated less than 1km from the site; and
 - d) The proposal does not seek any non-employment uses (i.e. residential) that would limit the maximum employment generating capacity of the land.

B. CENTRES AND CORRIDORS

In Section B of the Strategy, the relevant objectives are:

B1 “Provide Places and locations for all types of economic activity and employment across the Sydney Region”

B3 “Cluster businesses and knowledge based activities in strategic centres”

B4 “Concentrate activities near public transport”

B5 “Protect and Strengthen the primary role of economic corridors”

B7 “Recognise the role of enterprise corridors as locations for local employment”

Our proposal is assessed against the relevant actions set out in Section B of the Strategy as follows:

Action B1.1 – Establish a typology of centres

- The subregion has three strategic centres – Sydney Airport and Environs, Hurstville and Kogarah. The proposal will not impede the current or planned future role of these centres for the following reasons:
 - Hurstville Centre contains over 150,000m² of retail space and is the centre for retailing in the sub-region. Hurstville Centre has a disproportionately higher amount of retail floorspace than

commercial or employment uses, and accordingly the Strategy focuses on encouraging commercial and residential uses to the Centre.

- The IKEA proposal at Tempe will have no material impact on the aim to expand the non-retail employment function in Hurstville Centre, which is located some 1kilometres from the site. The nature of the ‘single use’ bulky goods operation (maximum floorspace of 38,000m²) at Tempe will not detract from the highly diversified and greater quantum of retail offerings in Hurstville Centre, as Hurstville performs a much broader retail role and function.
- Kogarah Centre is dominated by its office floorspace component, with a comparatively smaller quantum of retail floor space. The Strategy focuses on creating a more distinctive specialised retail destination in Kogarah Centre. This is primarily designed to create a point of difference from *“the larger retail malls and wider retail offer at Hurstville and Rockdale”*. To achieve this, the Strategy states that Kogarah *“seeks to attract a mix of retail uses suitable for main street retailing and suitable to contribute to the ‘night time’ activity”*.
- The proposed IKEA, being a large single use development, would not fulfil the strategic retail focus for the Kogarah Centre to differentiate itself from competing centres that already comprise large malls.
- The proposed IKEA development is not an appropriate main street retail development given the large (12 hectares) land area requirement which is completely opposed to the small scale specialty shops that occupy main street retail strips. There is no suitably sized land to accommodate the proposed development in the centre. The goods and services provided in the IKEA store will not contribute to Kogarah developing as a Centre distinctly different from other centres with large format malls, nor encourage a range of vibrant night life activities which the Strategy seeks to achieve for the Kogarah Centre.

For these reasons, the Kogarah Centre is not an appropriate location for the proposed IKEA development and the development is will not impede or affect any plans to promote Kogarah as a Major Centre.

- Sydney Airport and Environs is a specialised centre that accommodates over 11,000 jobs on-site and many thousands more employed in areas immediately surrounding the airport in airport-related activities. The airport Masterplan adopted in 2004 by the Commonwealth Government, envisages substantial growth in employment and retailing activities. The Commonwealth is the responsible authority for approving any development on airport land.
- The IKEA development is separated from existing airport lands by both the Alexandria Canal and the proposed SPIRE Road reserve. As most of the proposed site covers the old tip site and is affected by height controls, redevelopment options are restricted. The site is not directly connected to any existing airport lands.
- As such, the proposal will not have any impact on the future operation of the Airport land or on any future direct or ancillary employment expansion plans.

Action B1.2 – Establish Employment Capacity Targets for Strategic Centres

- As outlined above, the proposal will not impede the three strategic centres from reaching employment capacity targets as the proposed IKEA development is not of a nature envisaged to contribute to the employment targets in these centres. For the reasons outlined previously, the IKEA proposal is a type of development specifically identified as appropriate for the site as it will contribute to the Enterprise Corridor role. The IKEA proposal will enable Marrickville LGA to achieve its employment target under the Strategy.

Action B3.2 – Strengthen Centres Management

- “Marrickville Road Town Centre” has been in retail decline for some time, and the Strategy seeks to investigate ways to encourage new growth and to strengthen its role. The proposed development, with its strong branding, being a short distance from the Centre, will foster investor confidence in

the area and should assist in stimulating interest in retail from the people that an IKEA store will attract to the region.

Action B4.1 – Concentrate retail activity in centres business development zones and enterprise corridors

- In recognition of the need to better accommodate large-format bulky goods outlets and other emerging businesses in appropriate zones, the State Government has created (through the Standard LEP Instrument Order) two new zones. The B5 Business Development or the B6 Enterprise Corridor zones could potentially be applied by Councils to designate areas for bulky goods retailing on the fringes of centres. In this case, the site has been identified as a potential Enterprise Corridor, which logically will be included in a B6 Enterprise Corridor zone, when the comprehensive draft Marrickville LEP is prepared and publicly exhibited.
- The Standard LEP Instrument outlines the following mandatory objectives of the B6 Enterprise Corridor zone:
 - To promote businesses along main roads to encourage a mix of compatible uses;
 - To provide a range of employment uses (including business, office, retail and light industrial uses) and residential uses (but only as part of a mixed use development);
 - To maintain the economic strength of centres by limiting retailing activity.

The proposal satisfies the objectives of the B6 Enterprise Corridor Zone classification for the following reasons:

- IKEA is a form of bulky goods retailing, which in table 5 of the Strategy (page 31) is identified as preferred future use of the subject land at Tempe. This is reinforced later in the Strategy on page 73 where it states that *“Enterprise Corridors are considered a more appropriate location [than a Business Development zone] for bulky goods retail land uses, where they can take advantage of signage opportunities, have amore compatible built form and where there is better access to public transport”*.
- The IKEA store can take advantage of the highway frontage exposure.
- The IKEA proposal combines the regional office headquarters with its new large format IKEA warehouse and showroom, creating a diversity of jobs in the retail, warehouse and office sectors.
- The proposed large building form of IKEA is compatible with the mix of large retail, commercial and industrial building forms that front the Princes Highway.

For these reasons, the IKEA proposal is a highly appropriate location and is totally consistent with the Enterprise Corridor zone objectives.

Action B5.1 – Establish a stronger corridors planning and development initiative

- The proposal is entirely consistent with the Marrickville Urban Strategy (2007) as the site falls within the area planned to be zoned “Enterprise Corridor” seeking to encourage large format retail uses such as IKEA. The timing of this proposal will serve as catalyst for other compatible uses to establish in the locality and help to revitalise a significant the part of the Princes Highway corridor within the Marrickville LGA.

Action B7.1 – Create a zone recognising the role of Enterprise Corridors

- As outlined above, the site is located on a part of the Princes Highway identified by both Council and the Strategy to be classified in the new Marrickville LEP as a B6 Enterprise Corridor Zone. The proposal is highly compatible with the objectives and desired land uses for an Enterprise Corridor zone, as it will ensure that the land continues to provide an employment function in a manner appropriate for sites on busy main roads. This proposal should also assist Council in their consideration of formulating guidelines for development along busy roads.

C. HOUSNIG

In Section C of the Strategy, the relevant objective is:

C2 “Plan for housing mix near jobs, transport and services”

Our assessment of the proposal against the relevant action set out in section C of the Strategy is provided below.

Action C2.1 – Focus Residential development around centres, town centres, villages and neighbourhood centres

- This action seeks to ensure that Council's plan to incorporate additional housing in centres should benefit from existing infrastructure and transport as well as help reinvigorate centres to be lively and attractive places.
- The IKEA proposal is not located in a centre, being in a planned Enterprise Corridor. Owing to the low level of amenity afforded by the site for residential uses together with the significant issues of contamination and noise impacts from the airport, the site is not suitable for residential development. Residential development on-site is currently a prohibited use in the zone. Therefore the proposal will not impact on Council in meeting their housing targets as the site has not been targeted as a suitable location for current or future residential use.

D. TRANSPORT

In Section D of the Strategy, the relevant objectives are:

D1 “Improve transport between centres”

D3 “Influence travel choices to encourage more sustainable travel”

D8 “Minimise the adverse impacts from freight movements”

Our proposal is assessed against the relevant actions set out in Section D of the Strategy below:

Action D1.2 – Extend transport networks to serve growth

- The proposal will significantly increase the employment numbers on-site as well as attract large numbers of people to Tempe. This will have a positive impact on the existing public bus infrastructure and services to the locality. A development of this magnitude will also become an important ‘activity centre’ that can stimulate further urban renewal to support the longer term plan to utilise the F6 transport corridor as a bus transit way.

Action D3.1 – Improve local and regional walking and cycling networks

- The locality currently suffers from a poor level of pedestrian amenity. The proposal positively addresses this issue by extending the existing shared pathway from Tempe Reserve into the southern boundary of the site and connecting it with Bellevue Street. The Princes Highway street frontage will be improved through a range of landscape measures. Therefore the proposal will contribute positively to walking and cycling networks by encouraging pedestrians and cyclists in the locality by improving the quality and length of the existing network.

Action D8.1 – Protect the corridors and land for freight activities in the future

- Freight corridors will become increasingly important in supporting the projected increases in volume of freight moved by rail and road in the future. The proposed development is considered highly advantageous given its proximity to Sydney Airport and Port Botany. This short distance to distribute goods to the warehouse will minimise the environmental impacts of the freight delivery.
- In addition, the site's close proximity to the Airport and Port is ideal for an international company dealing with a huge amount of imported freight.

E. ENVIRONMENT, HERITAGE AND RESOURCES

In Section E of the Strategy, the relevant objectives are:

E3 "Achieve a sustainable use of natural resources"

E6 "Conserve Sydney's cultural heritage"

Our proposal is assessed against the relevant actions in Section E of the Strategy below:

Action E3.3 – Use energy efficiently and reduce greenhouse intensity of energy supply

- The proposed measures to reduce the development's energy consumption will be detailed during the design phase. All such measures, including energy efficient lighting and mechanical services, will be explored in detail to reduce energy consumption.

Action E6.2 – Recognise where Sydney's cultural heritage contributes to its character and manage change appropriately

- The proposed use of the historically-significant Ateco building for the IKEA regional office headquarters will constitute a positive preservation and adaptive reuse of a significant part of the building. It will ensure that the local landmark clock tower building continues to hold a strong visual streetscape presence and a link to past uses on the site.

F. PARKS, PUBLIC PLACES AND CULTURE

In Section F of the Strategy, the relevant objectives of are:

F1 "Increase access to quality parks and public places"

F2 "Provide a diverse mix of parks and public places"

Our proposal is assessed against the relevant actions as set out in Section F of the Strategy below:

Action F1.3 – Improve access to waterways and links between bushland, parks and centres

- As outlined in the commentary for Action D3.1, the proposed development will connect with the pedestrian and cycle paths that lead from the district park at Tempe Reserve. Incorporation of a shared pedestrian/cycleway at the southern part of the site will enhance the current public facility, extending the link to Bellevue Street and closer to destinations such as nearby Marrickville Road Centre and Sydney Park.

Action F2.3 – Provide for urban civic space in planning for centres

- The proposal recognises the need for the community and employees to have a diversity of space for social interaction. It incorporates approximately 6,200m² of open space, which is distributed partly along the highway frontage and partly along the rear boundary. This represents a good opportunity, through clever design, to create a pleasant open space for office and retail employees on this site.
- The IKEA store is likely to include an 'in store' café and children's play facilities, which have proven to be very popular facilities in other stores, particularly given the current lack of meeting places and facilities along the Princes Highway in Tempe.

6 Requirements of Major Project SEPP

6.1 Capital Investment Value

In accordance with Schedule 1, Clause 13 of the Major Projects SEPP, development for the purpose of residential, commercial or retail project must have a minimum capital investment value of \$50mill.

The project has a total investment value of \$250mill. In terms of the capital investment value as defined in the SEPP, the project has a total value of \$120mill which is almost three times the minimum requirement of the SEPP.

6.2 Regionally Significant Development

The proposal will become a regionally significant development for three main reasons; being its employment generation, geographic impact and trading characteristics. These reasons are outlined below.

- In terms of employment generation:
 - The site currently accommodates virtually no jobs as the Ateco buildings are partly used, Kennards employs only a few staff and the former Marrickville Council land is vacant.
 - The proposal will create approximately 600 new jobs in retail, office and industrial/warehousing roles as a result of the establishing the IKEA Australian headquarters and flagship store on this site.
 - The new jobs will enable Marrickville Council to achieve its job target allocation from the Strategy.
- In terms of geographic impact:
 - Traffic and economic impacts generated by the development will warrant regional consideration, elevated from focusing within LGA boundaries.
 - The development will be a catalyst for renewal along the Inner West part of the Princes Highway, which will significantly enhance attaining the State Government's vision for it to become an Enterprise Corridor.
 - Most appropriate and effective method to address these impacts is to elevate the assessment above one single Council to achieve a more holistic perspective.
- In terms of trading characteristics:
 - IKEA will have a regional draw across Sydney metropolitan as a destination centre. The store will be the flagship new large-format store for NSW.
 - The development will attract both retail spending and employees from a wide region, not confined to Marrickville and adjoining LGAs.
 - Given the economic significance of the IKEA proposal, the timing of the approval process is critical to ensure that the development proceeds and the opportunity is not lost due to administrative delays owing to a lack of resources.

6.3 Located in an Urban Renewal Area in the Metro Strategy

- Identified within Potential Enterprise Corridor – Sydney Metropolitan Strategy (2005)
 - The nomination of this part of the Princes Highway corridor as a potential Enterprise Corridor has the strategic effect of broadening the potential permissible employment uses on the lands

once the new standard LEP is prepared for Marrickville Council. It will have the effect of providing the opportunity and development incentive to convert run-down and poorly performing businesses into other forms of employment generating developments.

- The proposal will provide a significant investment into the corridor by establishing the IKEA headquarters and flagship store on the site. This will be catalyst to achieve the Departments vision for this stretch of the Princes Highway to regenerate it into new forms of employment activities.
- Marrickville LEP 2001 controls prevent the implementation of this Metro Strategy objective of renewal as part of the proposed development uses are prohibited, hence the Part 3A approval process is considered the most appropriate procedural path to facilitate a development of this nature and scale.
- Identified as an Enterprise Corridor, suitable for bulky goods retailing - within draft South Subregion Strategy (2007)
 - As outlined in detail in **Section 5** of this report, the site has been specifically identified in this Strategy as being suitable for wider employment generating uses such as bulky goods retailing. Hence, the IKEA proposal is entirely consistent with this Strategy.
- Identified as an Enterprise Corridor - within Marrickville Urban Strategy (2007)
 - The site is located on the Princes Highway, which is identified in the Marrickville Urban Strategy 2007 as within the Princes Highway “Enterprise Corridor”. The Enterprise corridor spans the entire length of the part of Princes Highway that falls within the Marrickville LGA boundary.
 - The Council Strategy (2007) has defined the Enterprise Corridor as:

“Areas immediately around busy roads that connect centres, containing important commercial, retail and light industrial activities”

6.4 Probity concerns and limited resources of Marrickville Council

Valad Property Group commissioned Professor Maurice Daly from *Daly Research Services*, to conduct an independent review of the project. A key aspect of his consideration pertained to probity concerns. An extract from his report is provided below.

The Role of Marrickville Council

At a meeting of the Marrickville Council’s Development and Environmental Services Committee Meeting on November 6 2007 a matter for recommendation by the committee was put forward. It involved PS 17 DEVELOPMENT PROPOSAL FOR LAND ON SOUTH-EASTERN SIDE OF PRINCES HIGHWAY, TEMPE: that is, the processing of the VALAD site.

The matter was concerned with the submission by VALAD Property Group to seek the Minister’s confirmation that the proposal be declared a Major Project in accordance with Clause 6 of State Environmental Planning Policy – Major Projects under Part 3A of the EP&A Act.

An amendment was moved to the recommendation. It stated:

1. *Council expresses its preference for the applicant to lodge a development application and a rezoning application with the Council; and*
2. *if the Minister declares that the development proposal is a Major Project subject to Part 3A of the Environmental Planning and Assessment Act, that Council notifies affected residents:-*
 - (a) that the application has been lodged;*
 - (b) of Council’s preference for a development application and rezoning application for the proposal to be lodged with Council; and*
 - (c) of all aspects of the Part 3A process and how they can contribute and have their say.*

The amendment was put to the vote and was carried unanimously.

The Minutes of the meeting do not record any of the debate. The unanimous support for the amended recommendation, however, suggests that the Council is firmly against the rezoning and the development application being transferred to the Minister and the Department of Local Government to be handled through the Part 3A process. It is to be noted that all 12 Councillors attended the meeting.

As the Urbis JHD May 2007 advice to VALAD suggests, there are some doubts about the Minister accepting the project as a Part 3A approval. The Urbis JHD advice gives two reasons for this:

“Council has had a long history with the site and understand the issues for the development. Furthermore, Council is willing to assess the application and not expected to be obstructive. Council previously accepted a concurrent “spot” rezoning and DA process – as per previous Ikea proposal”.

The Councillors’ objections appear to be based on their perception that the Part 3A approach is an intrusion on their authority, and that as representatives of the community they must work with and guide the process in consultation with the community. The Part 3A process, however, does involve both the Council and the community. In this context it should be noted that the proponent of a development under Part 3A is encouraged to consult with the community, relevant councils and agencies in the preparation of an environmental assessment document (Step 4: Major Projects Assessment System: Fact Sheet 3, Department of Planning, September 7, 2007). Further, the Fact Sheet (Step 5) states that the Director-General exhibits the environmental assessment document for a minimum of 30 days and invites public comment. Advertisements are placed in appropriate newspapers, and relevant State agencies and local council/s are notified, as well as adjacent landowners if required.

If the Urbis JHD observations are correct in judging that the Council could handle the rezoning/development application processes, and they probably could, then other factors have to be taken into account to justify the Part 3A approach.

There are two aspects in particular that need to be considered. The first is the time-frame and commercial opportunity related to the two processes (Council’s and Part 3A). This is considered in Section 5. The other, considered here, concerns probity issues.

A substantial part of the site’s 9.984 hectares comprises Council-owned land that constituted the former Tempe Tip. As with landfill sites across the State, the Tempe Tip site carries the legacy of toxic land outcomes produced by poor environmental management practices of the past. A secondary, but significant, factor is the instability of the land. The general practice of covering the waste filled areas with soil and other toppings leaves unstable sub-strata that take many decades to reach an acceptable level of stability (the environmental issues are considered in Section 6).

The fact is that whilst the area of the site owned by the Council is quite large (two lots that add to 5.455 hectares) the combined problems of toxicity and instability make it a difficult commercial proposition. The number of uses that the land can be put to is extremely limited.

The sale of the Council land is not yet completed. Both lots are in the process of being sold to VALAD but neither has been settled. The sale of the first lot is expected to be finalised soon, whilst the second will not be settled until mid-year 2008. If the Council were to act as both the rezoning authority, and the development application authority serious probity issues come into play. The Council has something of a dilemma. It is keen to protect its planning and approval roles against what it probably sees as State intervention, but it wants to ensure the sale of its former Tip lands. In this situation the risks lie with the Council, and not VALAD. Opponents of the development could raise the probity issues, and so cause serious delays in advancing the project’s commencement.

If there were any consequential problems that arose following a Council-approved rezoning and development approval, the central role of the Council could lead to very public accusations and investigations.

Lessons from Orange Grove

There have been suggestions that certain aspects of the Tempe development might invoke issues similar to those that arose with the Orange Grove, Liverpool, matters in the early part of this decade. A summary of the Orange Grove issues is presented first.

Orange Grove was originally an industrial estate dedicated to building caravans. The site of 12 hectares was of similar size to the Tempe site. On June 4 1991 an application, by a company owned by Nabil Gazal, was made to Liverpool Council for a rezoning of the site. It was initially refused by the Council, but a subsequent application in October 1991 was submitted and eventually approved².

The approval allowed bulky goods and warehousing as the permitted uses, but the only retailing permitted on the site was a limited range of bulky goods and goods produced on the premises. The site had poor bus connections, and problems with traffic moving on and off the site generating traffic on the highway. In retailing terms it was very much an “out-of-centre” site.

In March 2002 a prominent architect in the Liverpool area, Frank Mosca, submitted an application for a change of permitted usage to warehouse clearance outlet. Mr. Gazal wanted to build an outer mall for retailing purposes. The Council (June 13 2002) wrote to Mr. Mosca stating which retailing activities were permitted under the LEP. In July Mr. Mosca submitted a Statement of Environmental Effects which argued that warehouse clearance outlets were not specifically prohibited by the LEP. The application was advertised for public comment by the Council in November 2002 and, when no comments were received by the closing date, under Council rules the application was left to be processed by an officer.

The Orange Centre was built and commenced operations in November 2002 prior to approval being granted, and was opened by Mr. Knowles, then Minister for Planning. The Centre held 62 small retail businesses and employed between 200 and 450 people (many of whom were casuals).

On June 23 2003 the Westfield Group, which operated a major centre in the Liverpool shopping centre, commenced legal proceedings in the Land and Environment Court against the retail outlet operating out of an industrial zone. On January 16 2004 the Court ordered that the Centre’s retailing activities be closed by June 30. An appeal was lodged with the Court of Appeal but was dismissed.

Whilst the Court cases were proceeding the Council amended the LEP to introduce an “outlet centre” definition. After the Council was sacked in March 2004³, an Administrator was appointed (replacing the Councillors’ roles within the Council on March 16). Gabrielle Kibble, a former Director General of the Department of Planning, filled this position. On April 14 2004 she forwarded an application to the Minister for Infrastructure and Planning (Planning Administration) for a retrospective rezoning of the site.

On June 16 2004, close to the Court order’s date for closing the Centre, Department of Infrastructure, Planning, and Natural Resources staff recommended that the variation to the LEP be retrospectively approved. The Director General of DIPNR, on June 25, contradicted the recommendation, as did the Minister.

Allegations flew in all directions during the Orange Grove saga. It became a cause celebre. Various Labor politicians were accused of helping the Orange Grove owner back to the 1990s. A senior lobbyist for Westfield alleged that the original approval by Liverpool Council had been

² Allegations were made that a Councillor had received donations from one of Mr. Gazal’s companies and also a prominent Labor politician also received donations.

³ The Council’s sacking had nothing to do directly with the Orange Grove issues

approved corruptly, and had taken his assertions to the Premier's office. It was alleged that the Premier had subsequently ordered his Minister not approve the rezoning. ICAC undertook an Inquiry into various matters surrounding Orange Grove, with Public Hearings from December 2004 to March 2005. When it reported in August 2005 it concluded that neither the original approval nor the subsequent behaviour of any of the politicians or public servants was corrupt.

Does the long and complex story of Orange Grove suggest any lessons for the Tempe project? The answer is probably yes. It points to a number of risk factors, each of them associated with probity, but which are tangential and should be easily managed. Seven factors are listed below and summary comments are made in relation to them.

1. Definition of Uses

Much of the commentary dealing with progress of the project through relevant authorities is caught up with the status of LEPs, the Subregional Strategy, the definition of uses and their roles and similar features (as did the core issues to do with Orange Grove). The problem sits with the restrictive zoning of the site under the Marrickville 2001 LEP. The Council's previous willingness to accommodate the rezoning of the site suggests that it is willing to be flexible, recognising that the site is a difficult one, partly because a large section of it (the old Tempe Tip lands) is unsuitable for the purposes and intentions of its current zoning: Light Industrial 4B. It is clear from the Subregional Strategy that as Marrickville's new LEP is developed the range of uses in that part of Tempe will be modified to better reflect the Enterprise Corridor and Employment Lands aspects of the Strategy. The problem is time; the Marrickville Council LEP will not be completed and processed until 2009 at the earliest, and for any major opponents of the project (and there don't seem to be any as yet) a concerted move to fast-track rezoning the site might be considered as a product of doubtful probity behaviour.

2. "Out-of-Centre" Issues

This problem was a central issue in the Orange Grove situation and led to the closure of Orange Centre against concerted public opposition. Orange Centre, in contrast to the proposed Ikea development, had over 60 retail outlets with a large workforce, and retail activities that duplicated and rivalled some activities in the retail heart of Liverpool centre (a regional city under the Metropolitan Strategy). The Orange Centre project was a deliberate attempt to by-pass the planning zoning, and its passage was assisted by the Council amidst numerous allegations of support by political figures beyond the Council. The Tempe project is to have only one retail activity, and that is relatively junior in importance to the other activities that will take place on the site. There is little in the immediate vicinity of the Tempe site in the way of homemaker centres that could be affected by the retail component of the Ikea site, and virtually no possibility of the single use retail outlet will have any effect on the multiple use shopping centres in the surrounding 5 kilometre area. "Out-of-Centre" issues have been posed as a serious risk for the Tempe project but there is little chance that opposition action will be taken to stop its retailing activity, and if there were it would not have the clout mounted by the opponent of the Orange Centre.

3. State-Council Relationships

Although the "green" council group at Marrickville Council has had disputes with the State Government over a number of issues, and has made it clear that it wants to run the rezoning/development application parts of the Tempe project, there is nothing to suggest that the Council would mount an opposition to the project itself. At Liverpool the situation was different. The Council was undergoing a Section 740 Public Inquiry and was sacked at a mid-point of the Orange Grove controversies. Whilst the sacking had no direct connection to the Orange Grove issue, Liverpool Council had been at odds with State authorities for some time.

4. Sale of Council Land

There is nothing in the Local Government Act that prevents a Council selling land that it owns. Controversy sometimes arises when a Council sells land to a private sector body that will make a profit from the usage or development of that land. In the case of Orange Grove the land

involved was privately owned, and there was no Council involvement in that area. In other parts of Liverpool, however, and in relation to the huge Oasis development the Council willingly rezoned land, swapped land, and sold land it owned and some it didn't own⁴. In the Liverpool case many of the processes were hidden from the public, hidden from Elected Representatives, and from some sections of the staff. It would appear that Marrickville Council has instituted robust "Chinese Walls" between those involved with the sale of the Council's land at Tempe, and those responsible for the planning aspects of the Tempe site. It appears to have been handled on a very strong probity base. Nonetheless, the fact that a substantial quantity of land is in the process of being sold, and that this land is vital in enabling the complete objectives of Ikea to be achieved (in terms of dedicated buildings, adequate parking, and good access), suggests that there is some risk attached to the involvement of the Council. It is a powerful reason for the Council to support the Part 3A process. Another factor was the level of agreement reached between the Liverpool Council and the owners before rezoning was granted for the Orange Grove project. The fact that the sale of the Marrickville Council land is not yet finally settled, and that the Council is arguing that it should be the body to manage rezoning and development application issues, introduces something of a shadow over the process.

5. *Publicity*

The Orange Grove developments attracted great publicity. None of that helped the Council, the site owners and developers, nor State Government politicians, public servants or agencies: none of the various players came out of the situation with any great merit. The risks to the Ikea development in this sense are small and manageable. The way to avoid risks rising from small matters growing into becoming bloated problems is to avoid issues become a darling of the media. Strict adherences to probity processes and transparency of operations will reduce the risks caused by adverse comments whether they come from commercial rivals, environmental considerations, traffic and transport issues, sections of the community, or any other group.

6. *State Intervention*

The establishment of Ikea's national and South-East Asian headquarters at Tempe would be a most significant prestige and practical gain for Marrickville and the State. If the Part 3A processes go ahead there might be some who could regard the actions by the State Authorities as a kind of coercive intervention on behalf of a global firm. The risk is very small because the development would not only bring prestige, but would significantly create new jobs, would find a serviceable use for a difficult site, and would greatly assist in the regeneration of a section of Tempe that is in real need. None of these issues related to Orange Grove. There, the issues were decidedly local in scale and significance but ended up creating an enormous reaction.

- *Marrickville Council were the vendor in the sale of the former Council tip land to Valad. Council may be concerned about probity issues (real or perceived) and the overall community perception in assessing a rezoning for the new land owners given its previous involvement in the sale of the land.*
- *The proponent has met with Council officers on several occasions, and they are supportive of the project being assessed under Part 3A as a Major Project. While Council resources are limited, they indicated a willingness to be involved in the assessment process with the Department.*

6.5 Appropriate re-use of highly constrained site

The proposal will constitute a highly appropriate form of development on a site that has significant constraints due to contamination, aircraft building height restrictions and acoustic impacts and historically significant buildings.

⁴ Land that belonged to the Department of Lands

The land constraints on the site have been formally recognised in the Strategy where it states; *The land is substantially affected by the Obstacle Limitation Surface, Aircraft Noise and land contamination constraints (old landfill)* (page 33).

These limitations have been positively addressed in the IKEA proposal as outlined below.

- In terms of land re-use:
 - The site is highly constrained, as a large portion of the site comprises land used by Council as a tip (see Figure 3). This area is contaminated beneath the protective capping and has poor characteristics for founding buildings. The re-use of the former Council landfill land to create a range of new employment generating uses is therefore a highly positive outcome for the site and region. A precinct master planning approach has been adopted to ensure that the various components of the proposed development over the former tip lands are feasible from an engineering and financial perspective.
 - Airport height and noise restrictions limit the type and scale of development on the site (see Figure 3). The proposal has been specifically designed to meet these requirements and represents the only viable land use that can keep within the airport restrictions and also generate employment growth and renewal to the Enterprise Corridor.
- In terms of building re-use:
 - The proposed use of the historically significant Ateco building for the IKEA office headquarters will constitute a positive means to adaptively reuse and maintain the building. It will ensure that the local landmark building is retained and continues to hold a strong visual presence in Tempe.

6.6 Improved Public and Environmental Benefits

The proposal will generate a wide range of benefits on a site that is highly underutilised and significantly constrained. The positive outcomes of the proposal are summarised below.

- The development will create new open space and landscaped areas off the Princes Highway and along the southern site boundary. This will provide amenity for staff in the IKEA headquarters as well as allow landscaping to soften the building forms when viewed from the street.
- The proposal integrates existing pedestrian paths and cycle ways on adjoining lands to extend across the site and providing a legible link back to the local street network.
- The re-use of the former Tempe Tip for an employment generating use will have significant benefits of re-using highly constrained land for job creating development.
- The proposal will significantly contribute to conservation outcomes by adaptively re-using the main office and clock tower portion of the historic Ateco building which is a local landmark structure, thereby ensuring it continues to be maintained and preserved into the future.
- Finally, the proposal will renew a significant portion of the Princes Highway corridor from an unsightly sterile place to a highly active public environment will have an appreciable public benefit. This investment will be a catalyst for further renewal to achieve the state and local government objectives in this region.

6.7 Summary

After considering the relevant planning criteria we conclude that the project satisfies the relevant criteria for assessment under the provisions of Part 3A of the Act. The key reasons are summarised below:

- The project has a construction value of over \$120 mill.
- The commitment from a global retailer to locate its Australian headquarters and flagship IKEA store on site will transform the site and corridor into a regionally significant destination.

- The subject site is within the Princes Highway Enterprise Corridor, as identified in the Strategy.
- The proposed IKEA development will generate approximately 600 new ongoing retail, office and industrial jobs which will positively contribute to Marrickville Council's employment target under the Sub-Regional plan.
- The project reuses former landfill land for an employment generating and economically positive development which constitutes an orderly economic development of a strategically important inner Sydney site.
- The project represents the most appropriate and feasible use of the site which can resolve the significant site constraints such as the contamination and geotechnical issues as well as the considerable height and noise limitations from Sydney Airport.
- Finally, the adaptive re-use of the heritage Ateco building for the IKEA headquarters will ensure that the historic links of the site as an area of past industrial and employment function of the land is preserved, with future opportunities to accommodate a mix of uses suitable for the Enterprise Corridor.

7 Planning Merit

7.1 Overview

The state government has recognised both the locational needs and economic prosperity of large format retail and employment uses by creating the Enterprise Corridor zone in the Standard LEP Instrument. This thinking has been transposed into the Metropolitan Strategy and the draft South Subregional strategy by mapping the key corridors such as Princes Highway. While this policy direction has sought to provide greater certainty for decision makers and public about planning for large format stores, the onus remains for proponents to apply the merit based 'net community benefit' test for major applications.

In addition to addressing the Part 3A assessment criteria in Sections 5 and 6 of this report, we have also applied the Net Community Benefit Criteria, as included in *The Right Place for Business and Services*, as a foundation of our assessment.

Our assessment is provided below.

7.2 Net Community Benefit Assessment Criteria

7.2.1 Degree of consistency with policy

The compatibility of the IKEA proposal with the State and Local Council Strategies has been addressed in detail in **Sections 5 and 6** of this report. Overall, the IKEA proposal is an employment generating bulky goods development that is deemed to be appropriate for subject site which is situated within the Princes Highway Enterprise Corridor.

7.2.2 Degree of accessibility by public transport, cycling and walking

The site benefits from a high level of accessibility as demonstrated below:

- The Airport & East Hills rail line as well as the Eastern Suburbs & Illawarra rail line passes through Tempe Station which is approximately 800m from the site.
- State government buses service the Princes Highway corridor providing an opportunity to access the site by bus from within the primary catchment.
- Pedestrian crossings on Princes Highway provide access to local residents from Tempe and Sydenham on the western side of the road. Furthermore, the proposal will install a new signalised intersection to the site enhancing pedestrian links from the residential area on the western side of the highway.
- The proposal will extend the existing cycle way from Tempe Reserve by incorporating it into the eastern part of the site and linking back to Princes Highway.

7.2.3 Likely effect on trip patterns, travel demand and car use

- The proposed development will generate additional traffic given the nature of the bulky goods retailing format. The traffic impacts will be considered in detail and accordingly a range of traffic control upgrades on Princes Highway will be incorporated into the proposal which will maintain highway flows and improve access points to the site.
- The site location and proposed use by IKEA accords with the principles behind classifying the Princes Highway as an Enterprise Corridor by utilising the existing road infrastructure to support an intensive land use, thereby avoiding the more significant impacts that would emanate if the development was located elsewhere in the LGA.

- While car based travel is the predominate mode to shop at stores like IKEA, the potential to incorporate buses on-site to accommodate shopping groups is being investigated which is a measure to reduce car use to the site. This coupled with the measures to improve accessibility and connectivity from the locality (as outlined above), seeks to achieve an appropriate balance between car and non car based travel.

7.2.4 Likely impact on viability of existing centres

- As outlined in **Section 5** of this report, the IKEA proposal will not negatively impact on the current and planned expansions at any of the Major Centres or Town Centres identified within the Subregion. The key reasons are summarised as follows:
 - The proposal is for a large 'single use' development that does not match the desire to attract a greater commercial office component in order to balance the current high proportion of retail space in the Hurstville Commercial Centre.
 - The proposed goods and services provided in the proposed IKEA store will not contribute to Kogarah in developing as a Centre distinctly different from other centres with large format malls, nor will it encourage vibrant night life activities which the Strategy seeks to achieve for the Kogarah Centre.
 - The total land area requirement (12 hectares) to accommodate the proposed development cannot readily be met in any existing centre in the Subregion.
 - The nature of the proposed operation of an IKEA store would not positively fit in well with the desired finer grain building scale and 'main street' streetscape amenity sought in the other centres.
 - Finally, the establishment of an IKEA on the subject site will not create any off-site impacts that would prevent the expansion plans for any of the centres given the large distance separation between the sites.
- In the primary catchment – there are no dedicated homemaker centres, only a small cluster of bulky goods retailers along Princes Highway to the south currently exist. These stores are expected to have a short term sales impact which will quickly recover as the Princes Highway corridor becomes a homemaker destination and attracts more shoppers which will in turn benefit these existing traders.
- The initial economic analysis has found that there is an estimated undersupply of some 40,000m² homemaker floorspace in the primary catchment. This proposal will therefore satisfy a large amount of this un-served demand. The economic analysis suggests that the demand for homemaker floorspace will continue to increase annually in the short terms by over 3,500m², based on projected population growth. This will result in the potential for new homemaker space to be provided in addition to this proposal.
- The homemaker centres in the secondary catchment (Style at Home, Moore Park Supa Centa, Homework's Caringbah) are forecast to have a relatively minor negative sales impact in the short term which is typical of retail trading. The impacts will not be of a magnitude to impact on the viability of these centres because unlike the proposal, they offer a wide range and number of homemaker stores. Furthermore, the primary catchments of these centres by-in-large will not overlap which further softens the potential trading impacts.

7.2.5 Direct and indirect cost to public sector by not utilising public infrastructure in centres

- The site is situated within an established urban area. The site benefits from all the required infrastructure services required to support the proposed uses. Future investigations will be carried out to determine whether upgrading or amplification of services is required to support the use. Such

works would be a cost borne by the proponent. As such, the proposal represents an appropriate utilisation of existing public road and utility service infrastructure.

- The proposal will therefore not result in an underutilisation of public infrastructure in existing centres nor will it require the redirection or upgrade of existing public infrastructure at any cost to government.

7.2.6 Practicality of alternative locations which may better achieve desired policy outcomes

Other locations have been considered in the Subregion but determined impractical for the following reasons.

- Business zoned land:
 - As outlined in Section 5 of this report, the proposal is not considered appropriate for the major centres in the Subregion as overall is it not a type of development suited to these centres in terms of its retail offerings and scale, and hence it has been identified in the Strategy as being a suitable use in the Enterprise Corridor fronting Princes Highway.
 - The only large zoned parcel in the immediate vicinity is occupied by Marrickville Metro Shopping Centre which has not existing potential to accommodate the scale of IKEA development proposed.
 - All remaining business zoned land in Marrickville LGA comprises small retail strips which cannot accommodate the scale of the centre proposed.
 - In the nearby Ashfield and Rockdale and Canterbury LGA's which in part fall within the primary target catchment, the centres are characterised by main street strip retailing with no vacant or future potential sites that could accommodate the area requirements of the IKEA store.
- Industrial zoned land:
 - The Marrickville industrial area was investigated. The possible advantages of establishing IKEA near Marrickville Metro in terms of multi-purpose shopping convenience were outweighed by the following factors: there are no available sites of suitable size; fragmented ownership; access is inferior with no main road exposure; and greater potential impact on local streets and local amenity.
 - The classification of much of the industrial land in Marrickville LGA (outside our site) as Category 1 land has the effect that uses such as bulky goods are not deemed to be appropriate in this use and that traditional industrial uses should be preserved.
 - Similarly in the Rockdale Industrial area – no land met the locational criteria or was of suitable land size or readily available.

For these reasons, the selected site is considered the most appropriate site to meet the needs of the IKEA development and service the current undersupply of homemaker floorspace in the region. Furthermore, the subject site is entirely consistent with government policy for this form of development and therefore constitutes the most appropriate location for an IKEA development.

7.2.7 Ability to adapt the format or design to secure a site within or adjoining a centre in a better location.

For the reasons outlined previously in this report, the locational requirements for main road frontage, large flat land and good accessibility can only be met in this catchment in a location outside the main retail centres. While the IKEA at Rhodes co-located with the shopping centre, this was special circumstance given the centre was purpose built to accommodate IKEA. Furthermore, the proposed IKEA is a much larger new format showroom and warehouse store that has limited ability to be

incorporated within or co-locate with existing centres in the Inner South-West region where there is a current undersupply of homemaker floorspace to service the community.

7.2.8 Site Suitability

The suitability of the site has been considered from a retail trading perspective as well as from a site development perspective. This is summarised below.

Retail Perspective:

- The site is ideally located away from competing centres, with no homemaker centre within the primary Inner South-Western Sydney catchment.
- The section of the Princes Highway corridor within the LGA area already contains a scattering of individual bulky goods retailers. This coupled with a recent rezoning for a bulky goods retailer on Princes Highway to the north has the makings of a cluster for the region. The proposal will just reinforce this emerging trend and the broader strategic aim for the Princes Highway to become an Enterprise Corridor that contributes significantly to the local economy.
- The Princes Highway frontage provides good exposure to passing traffic. The site also has good access from major roads such as M5 Motorway/Eastern Distributor and Botany Road that connect motorists to and from the region. For these reasons, the site is highly suited to accommodate this form of retailing.

Development Perspective:

- The site was formerly a Council tip and subsequently is highly constrained. As a result of the ongoing maintenance and testing requirements of the sub surface contamination coupled with the limitations in terms of construction, the re-use of the site for an employment generating development such as IKEA is a highly suitable. The proposal has been specifically designed to position the building and the at-grade car parking so that the building can be developed outside the former tip site and the car parking caps and covers the former tip site.
- The building height and type of uses on the site is highly restricted by the Airport height and noise restrictions (see Figure 3). The overall concept has been specifically designed to meet these requirements and represents the only viable employment generating land use for the site that can operate within the considerable land constraints.
- The adaptive re-use of the historically significant Ateco building for the IKEA headquarters ensures the local landmark building is retained and restored. The proposal also incorporates an adaptive re-use of the "Pretty Girl" site for future activities suitable for Enterprise Corridor.

Overall, the site presents a highly attract location for a bulky goods destination. Given the significant constraints on developing the land, the proposal represents an appropriate use in its local context.

8 Preliminary Environmental Assessment

8.1 Traffic and Access

The investigation for suitable bulky goods retailing sites in the Tempe area, including the subject site dates back to 2001. A summary of this history is outlined in the report from *Daly Research Systems*:

Between 2001 and 2004 Marrickville Council pursued initiatives to determine future land uses in the vicinity of what is now the VALAD site. In 2003 it explored the rezoning of 4 sites, inclusive (Council land, Bellevue Street) and adjacent to the VALAD land, to permit bulky goods development with a total area of 59,000 square metres. In 2004 it explored another potential rezoning of 3 sites which included a bulky goods site on the Council land (28,000 square metres) and a warehouse/office complex on the SACL site (41,000 square metres).

The bulky goods area of the first proposal is 11 times larger than the proposed Ikea showroom and that of the second proposal is 5 times larger. It is clear that the installation of bulky goods sites in the area is at the forefront of the Council's design for the Tempe area and, in the context of that planning, the Ikea bulky goods area would be a minimal contributor to traffic in the area compared to other proposals tested by the Council. The lack of prospective problems that could trouble the Council with the Ikea showroom, point to this being a rather minor risk to the development. The rezoning and approval of a bulky goods development at 500 Princes Highway (62 properties away from the Ikea site) adds to these conclusions.

Preliminary advice from *Transport and Traffic Planning Associates*, suggests a number of measures to be incorporated into the design of the development. Key areas that will be investigated in the traffic report include;

- Consolidation of street access from Princes Highway to create a new signalised main access;
- Design of turning bays and decelerations lanes on the Princes Highway;
- Design of secondary access points linking the development to Bellevue and Smith Streets;
- Assessment of impacts on intersection capacity;
- Forecast car parking demand;
- Design of onsite traffic circulation; and
- Integration with public transport.

The report will be prepared having regard to parking demand and traffic generation from of the IKEA stores and /or compatible bulky goods developments to the satisfaction of Council and the Roads and Traffic Authority.

8.2 Heritage

Heritage consultants, *Godden Mackay Logan*, conducted a thorough survey of heritage issues of the site (June 2007). The Heritage Report singles out just three items of heritage significance in the domain of built heritage. These are:

- The c1930 two-storey Ateco building with basement used as administration offices when the Penfolds group operated on part of the site (formerly part of the Baview Asylum)
- The c1959 Penfolds warehouse and showroom complex (with clock tower fronting Princes Highway)
- The c1959 residential building.

It appears that neither the old administration building nor the house have any significant heritage value. The office and warehouse complex however is described by *Godden Mackay Logan* as a rare and intact example of Post-war industrial buildings. The clock tower section of the building, facing the Princes Highway, has become an icon in what is otherwise a dreary and unexceptional built environment of that section of Tempe where many buildings are in a state of poor repair. It can be seen from a distance and is the major landmark identifying Tempe.

According to *Godden Mackay Logan* there are strong grounds, therefore, in retaining this structure as a heritage item, and the current concept design include this happening. The remainder of the complex, the warehousing units to the rear, is simply made up of undistinguished practical space designed to hold crates of wine. There is little merit in maintaining this part of the old Penfolds complex, and the plans rightfully seek to replace it with a new showroom/warehouse configuration. There appears to be little risk in this design moving forward.

A Heritage Impact Assessment addressing both built and landscape elements together with an archaeological assessment will be prepared and submitted as part of the Concept Plan application.

8.3 Public Domain and Landscaping

The Concept Plan Application will incorporate a Landscape Plan that illustrates the proposed public domain measures across the site. Likely public domain elements include; defined pedestrian pathways, landscape planting in open spaces, outdoor amenities for staff, and the like.

8.4 Site Contamination

We are advised by *Coffey Geosciences* who were retained by Marrickville Council that the subject site has been remediated by placement of a cap over the landfill material present on the site. The cap has been constructed of fill material classified as virgin excavated natural material (VENM) imported to the site. The imported VENM comprised largely of ripped sandstone, ripped shale and silty clay.

Following the completion of capping, *Coffey* prepared a validation report for the subject site. *Tenix Projects* prepared a site management plan for ongoing management and maintenance of the cap.

Site Auditor, Graeme Nyland of *Environ* issued a Summary Site Audit report and a Site Audit Statement stating that the subject site is suitable for commercial / industrial use subject to the implementation of the Site Management Plan. In accordance with the Site Management Plan, ongoing monitoring of leachate quality and landfill gas is being conducted on the site.

8.5 Aircraft Noise

The site is located less than 1 kilometre north-east of Sydney's Kingsford Smith Airport and is located within the ANEF 30-40 contours on the ANEF map for the Airport. Given the aircraft noise exposure, the construction of buildings on the site will be required to achieve the Australian Standard AS2021-2000. This could result in noise mitigating measures being incorporated into the building construction.

8.6 Economic

Some initial economic analysis has found that there is an estimated undersupply of some 40,000m² homemaker floorspace in the primary catchment. This proposal will therefore satisfy a large amount of this un-serviced demand. The preliminary economic analysis suggests that the demand for homemaker floorspace will continue to increase annually in the short terms by over 3,500m², based on projected population growth. This will result in the potential for new homemaker space to be provided in addition to this proposal.

To address the consideration of economic impacts of the development, an Economic Impact Assessment will be prepared to accompany the Concept Plan Application. The report will define a trade

area for the IKEA development, determine the current supply of bulky goods floorspace in the trade area as well as available housing spending. Following this, the report will estimate the turnover of the proposal and assess the impacts on competing centres. Given the nature of the goods sold in an IKEA store, the impacts on traditional supermarket retail based centres is anticipated to be insignificant.

The second component of the report will also assess the broader economic benefits particularly with respect to the creation of direct and indirect jobs during both the construction period and on-going once IKEA is operational.

As identified earlier in this report, the IKEA proposal presents a unique opportunity for Marrickville Council to attract some 600 jobs which would exceed its job growth target. The flow on effects of the creation of new jobs coupled with the \$250mill investment by in the site is numerous. Some of the key benefits foreseen are:

- A catalyst for the revitalisation of the Princes Highway Enterprise Corridor encouraging more investment and improved services to the locality.
- Multiplier employment impacts creating additional indirect jobs in a range of service sectors.
- Attracting consumer spending into the subregion that will undoubtedly be spread to other businesses and services in the Subregion.
- Finally, it will alleviate any potential pressure on Council in planning to achieve the employment targets thereby strengthening the case to preserve strategically important industrial land (Category 1) elsewhere in the LGA.

8.7 Consultation

Between October 2007 and December 2007 *Urbis* undertook community consultation for this proposal in a variety of forums with residents and businesses near the site, community activists, key organisation stakeholders, and Council officers and committees. The overall sentiment reported from the consultation process was strongly supportive of the development plans for the site. (See **Appendix A** for copy of the Community Consultation Report).

The research shows that there is a community view that IKEA will contribute positively to the revitalisation of the area and provide good employment opportunities for local people. IKEA's corporate reputation is strong, and there are expectations that it will be a 'good neighbour'.

As is documented in the Community Consultation Report, the community was particularly pleased about:

- The general revitalisation of the site and the anticipated positive effects on the broader locality.
- The provision of adequate parking facilities.
- The generation of local employment opportunities, particularly for young people
- The likely positive benefits to local businesses.
- The regard that IKEA is likely to have for sustainability – social and environmental
- That IKEA wants to be an active part of their community.

Of significance, was the perceived lack of community meeting places in the vicinity, and that IKEA presented an opportunity to become a place for social interaction among community members.

Based on our consultation findings, it is clear that the IKEA proposal is well regarded by the community and is considered broadly to be in the public's interests, delivering many physical and social benefits to the immediate surrounding community, as well as to the wider region.

9 Summary and Conclusion

In accordance with Clause 6 of State Environmental Planning Policy (SEPP) – Major Projects, and under the provisions of the Part 3A provisions of the Act, we formally seek the Minister's confirmation that the proposal is to be declared a Major Project. We also request the Direct-General issue Environmental Assessment Requirements for the proposal to assist in the preparation of the Environmental Assessment documentation for a Concept Plan approval.

The report has been prepared to provide the Department of Planning with a detailed understanding of the project and how it satisfies state strategic planning policy. As identified in this report, the IKEA proposal is highly compatible with the desired development outcomes on this site as evidenced in the Strategy which specifies that bulky goods retailing as an appropriate land use for the subject site.

The site clearly has substantial development constraints. The ongoing presence and maintenance of contamination from the former tip as well as the height and noise controls of Sydney Airport clearly limits the potential to develop and master plan the site.

This proposal provides a solution to the considerable site constraints that will deliver substantial community benefit. The proposal positively responds to the identification of the land in a planned Enterprise Corridor by incorporating a new IKEA showroom/warehouse and office headquarters, along with permissible industrial development. The overall concept will generate 600 new jobs for the locality for a variety of skill levels.

Importantly, the proposal will preserve the economic function of the site and the Princes Highway corridor. The proposal will also incorporate measures to improve local amenity and connections to and from the site which could not be achieved in an alternate scheme.

Overall, the site is considered to be appropriate in balancing the bulky goods policy aims, the objectives of the Enterprise Corridor vision and the derived community benefits. For these reasons, we conclude that there is sufficient planning merit and community benefit for the Minister to use his discretionary powers and accept this proposal to be assessed under the provisions of Part 3A of the EP&A Act.

Appendix A Consultation Report

Appendix B Heritage Report