

# **KIRRAWEE BRICK PIT REDEVELOPMENT**



## **RETAIL ASSESSMENT PEER REVIEW**

Prepared For:

**DEPARTMENT of PLANNING & INFRASTRUCTURE**

Prepared By:

**LEYSHON CONSULTING PTY LTD**

SUITE 1106 LEVEL 11

109 PITT STREET

SYDNEY NSW 2000

TELEPHONE (02) 9224 6111

FACSIMILE (02) 9224 6150

**REP 1112**

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# EXECUTIVE SUMMARY

## Introduction Section 1

This Report has been prepared for the Department of Planning and Infrastructure (DOPI) by Leyshon Consulting Pty Ltd. The Report provides advice with respect to a planned mixed use development proposed for a site known as the Kirrawee Brick Pit. The particular focus of the Report is to review the retail components of the proposed development.

The current application made under Part 3A of the Environmental Planning and Assessment Act proposes the following retail floorspace:

▶ full-line supermarket	...	3,810 sq.m.
▶ discount supermarket	...	1,460 sq.m.
▶ specialty shops, kiosks and café	...	4,050 sq.m.
▶ Princes Highway retail showrooms	...	2,400 sq.m..

Some 650 sq.m. of commercial floorspace is also proposed for the Flora Street frontage of the site.

The project also proposes a significant component of residential floorspace (in the order of 53,456 sq.m.).

## Strategic Planning Context Section 2

Our findings with respect to the relationship of provisions of key strategic planning documents to the proposed Kirrawee development is as follows:

☞ **Metropolitan Plan 2036**—the Metropolitan Plan for Sydney 2036 is generally relevant to the application.

☞ **Draft South Sub Regional Strategy**—under the Draft South Sub Regional Strategy Sutherland is identified as a “Town Centre”, while the Kirrawee and Gymea centres to the east of the Brick Pit site are identified as “Villages”.

While submitters have claimed the proposal is contrary to the intentions of the Draft Sub Regional Strategy, we consider it is consistent with aspects of the Draft Sub Regional Strategy such as its potential to concentrate retail and commercial activity near public transport. Further, we consider the Draft Sub Regional Strategy cannot be read so literally as to rule out some level of retail development on the subject site.

☞ **Draft Centres Policy**—the Draft Centres Policy published in April 2009 has not been finalised.


# EXECUTIVE SUMMARY

## Cont'd

### Strategic Planning Context Cont'd

Putting that to one side, the proposal is generally in accord with the six key planning principles contained in the Draft Centres Policy albeit that the Brick Pit site is not actually within a centre but immediately adjacent to the existing Kirrawee Local Centre.

The Draft Centres Policy encourages additional retail floorspace to be provided in out-of-centre locations if it cannot be accommodated within existing centres. The Draft Policy expresses a strong preference for future development to occur in centre locations or on sites immediately adjacent to existing centres. We consider the Kirrawee proposal meets this test.

 **Draft State Environmental Planning Policy (Competition) 2010**—the aims of Draft SEPP (Competition) 2010 are to promote economic growth and competition and to remove the anti-competitive barriers of environmental planning and assessment in New South Wales.

It could be argued the proposal will increase competition and choice in the Kirrawee/Sutherland area (particularly in the supermarket sector) and is thus consistent with the general aims of the Draft SEPP 2010.

### Review of Hill PDA Reports Section 3

Hill PDA prepared two extensive reports in relation to retail needs in Sutherland Shire in general (Part A report) and in the Kirrawee area in particular (Part B report).

#### Part A Report

The Hill PDA Part A report provides substantial macro-level detail with respect to population and spending growth in Sutherland Shire to 2036.

Hill PDA have assumed average annual real growth in per capita spending of +1.33% in their analysis. This may overstate the growth in available spending slightly.

Hill PDA estimate Sutherland Shire had an under-supply in retail floorspace of 74,662 sq.m. in 2007.

Hill PDA estimate demand for retail floorspace in Sutherland Shire as a whole will increase by some 133,197 sq.m. between 2007-36.

# EXECUTIVE SUMMARY

## Cont'd

### Review of Hills PDA Reports Cont'd

#### Part A Report

In relation to the existing retail hierarchy, Hill PDA observed that all of the four major centres in Sutherland Shire are trading at above national turnover averages. This is particularly the case for the sub-regional centres at Menai and Southgate (Sylvania) and the Caringbah Shopping Village.

Some aspects of the methodology employed by Hill PDA, such as the assumed underlying rate of real growth in available resident spending, are questionable. Nonetheless, on balance we consider their assessment provides a reasonable indication that:

- ▶ there is probably an under-provision of retail floorspace in Sutherland Shire at present; and
- ▶ the projected population growth of 26,000 persons by 2036 will generate demand for an additional 52,000 sq.m. of floorspace in and of itself.

The Hill PDA Part A report also analyses development capacity within existing centres. Hill PDA conclude that options for additional retail development in Sutherland, Kirrawee and Gymea are either non-existent or problematical.

#### Part B Report

The Hill PDA Part B Report( *Part of the Solution – the Former Kirrawee Brick Pit Site*) essentially puts the case for the development of the Kirrawee Brick Pit site for retail and residential purposes.

Hill PDA test two retail development options in terms of their potential impact on centres in Sutherland Shire—namely development of the Brick Pit site (as proposed) and development of a sub-regional centre of 22,130 sq.m. on the site. The inclusion of a sub-regional centre development option in their analysis is superfluous as no such application is before either the Department or Council.

Unusually, the Part B report does not identify a discrete “locality” or trade area for either of the proposed development options they test. The absence of a defined trade area for the Kirrawee proposal is considered a significant deficiency of the Hill PDA Part B report.

Given this, in preparing our Report we defined a trade area we consider would apply to the proposed development at Kirrawee.

# EXECUTIVE SUMMARY

## Cont'd

### Review of Hills PDA Reports Cont'd

#### **Demand for Supermarket Floorspace in Defined Trade Area**

Total available supermarket spending in 2012 within the defined trade area is estimated at \$156.1 million per annum (\$2010). Spending by trade area residents generally could support some 15,600 sq.m. of supermarket floorspace in 2012.

A theoretical shortfall of supermarket floorspace of some -8,505 sq.m. within the Kirrawee trade area would exist assuming 100% self-containment of supermarket spending was achieved—that is, no escape supermarket spending flows out of the trade area.

Assuming a more realistic 80% self-containment factor, total demand for supermarket floorspace in 2012 would be some 12,480 sq.m.. Allowing for the current supply this still yields a shortfall in the provision of supermarket floorspace of around -5,385 sq.m. in 2012. This is almost identical to the supermarket floorspace being proposed in the subject application for the Kirrawee site (5,270 sq.m.).

### **Impact Analysis** Section 4

Hill PDA estimate the impacts if the proposed development proceeds will range between -1.8% (Menai) and -10.3% (Kareela). The impact estimated for the Sutherland Town Centre is -7.6%.

This contrasts with the proposal's potential impact on the Sutherland Town Centre estimated by ourselves at -\$8.0 million or -8.3% (\$2010) in 2014. The majority of this impact would fall on the Supabarn and Franklins supermarkets. Together they are likely to experience a loss of sales of approximately -\$5.0 million in 2014 (\$2010). This impact, although significant, is unlikely to lead to either store's closure, however.

The overall impact on the Sutherland Town Centre of -8.3% falls within the generally accepted medium-to-high category of impact but is insufficient in and of itself to warrant refusal of the application.

The implication of the proposal for the Sutherland Town Centre is that if it is approved and proceeds to development, no substantial further retail development is likely to occur in Sutherland within the foreseeable future.

# EXECUTIVE SUMMARY

## Cont'd

### Impact Analysis Cont'd

Hill PDA estimate the impact on Kirrawee in 2014 at -\$0.9 million (\$2007)—a decline in annual sales of -5.1%. Our analysis suggests the actual impact on Kirrawee could be higher at -\$2.0 million (\$2010) in 2014 or -14.0%. The precise nature of the impact on Kirrawee is difficult to analyse given it is a small centre with no supermarket anchor.

If the proposal proceeds, retail activity in the existing Kirrawee strip could decline over time. The fundamental question with respect to the Kirrawee centre is whether the community will be better off in net terms with the proposed new centre taking into account its likely impact?

We consider the potential loss of retail tenants in the Kirrawee strip would, as far as the general public is concerned, be “made good” by the provision of such tenants in the proposed new centre on the Brick Pit site.

The potential impacts of the proposal on Gymea and Kareela are estimated at -6.1% and -10.9% respectively in 2014. These impacts are not considered to be significant enough to warrant refusal of the application.

### Conclusions and Recommendations Section 5

The reservations we have with respect to the Hill PDA analysis are not of sufficient gravity to alter the fundamental conclusions reached by Hill PDA as to the economic need and impact of the proposed development.

Doubt does exist, however, in relation to the impacts of the proposed development as assessed by Hill PDA. Our analysis indicates these will be relatively significant although not sufficient enough to warrant the application's refusal. No evidence has been provided by submitters that advances a contrary opinion.

The major long-term (next decade) implication of the project's approval is there will be no prospect of further major retail development in the Sutherland Town Centre—most particularly one which might include a full-line supermarket.

That said, additional retail development in the Sutherland Town Centre would be difficult to achieve in any event given the only prospective development site is Council's existing car park off Flora Street. Development on this site would need to replace the existing provision of public car parking as well as providing parking for any new retail or commercial floorspace on the site. In our experience, the feasibility of this type of development is often questionable.



# EXECUTIVE SUMMARY

Cont'd

## Conclusions and Recommendations Cont'd

There is no compelling evidence the proposed development of the Kirrawee Brick Pit site could be accommodated either within the existing Kirrawee Local Centre or the Sutherland Town Centre. Moreover, the Brick Pit site is well-serviced by public transport—within 260 metres of the site.

On balance the economic impact of the project is considered to be acceptable. The proposal should increase retail competition and choice for residents of Kirrawee and immediately adjacent suburbs.



## 1

# INTRODUCTION

## 1.1 Background

This Report has been prepared for the Department of Planning and Infrastructure (DP&I) by Leyshon Consulting Pty Ltd. The Report provides advice in relation to a proposed mixed use development on a site known as the Kirrawee Brick Pit. The particular focus of our Report is to review the retail components of the proposed development.

We are aware that development proposals for the subject site have had a somewhat controversial history. A previous development application was the subject of an appeal to the Land and Environment Court in 2009. That appeal concerned the retail component of a development which was to contain full-line supermarkets (presumably Woolworths and Coles), a mini-major together with a significant component of specialty retailing.

During the hearing we understand the applicant modified the application such that the proposal was to contain some 8,088 sq.m. of retail floorspace with one full-line supermarket of 4,500 sq.m., a mini-major of 740 sq.m. and specialty retailing of 3,598 sq.m..

The Court rejected the appeal finding that the application was inconsistent with the planning intentions for the Kirrawee Local Centre and that the proposal had the potential to impact on the sustainability of both the Kirrawee and Sutherland centres.

The current application, which is discussed in more detail below, has attracted submissions not only from Sutherland Council (Council) but

also other commercial parties with interests in shopping centres in the region surrounding the Brick Pit site.

## **1.2 Study Brief**

In accordance with the agreed brief, we have undertaken the following tasks in preparing this Report:

- ▶ reviewed the assumptions made in the retail assessment report prepared by consultants Hill PDA with respect to the trade area, socio-economic profile, growth forecast and retail turnover levels for the proposed development;
- ▶ reviewed the appropriate area required to sustain the retail floorspace proposed for the development;
- ▶ reviewed the proposal as it relates to the provisions of the following strategic planning documents:
  - Metropolitan Plan for Sydney 2036
  - Draft South Subregional Strategy
  - Draft Centres Policy
  - Draft State Environmental Planning Policy (SEPP) Competition 2010;
- ▶ assessed the likely impact of the proposed development on the nearby Kirrawee Town Centre and other major centres in the Sutherland area including Sutherland itself, Miranda, Gymea, Menai Marketplace and Caringbah; and
- ▶ prepared advice as to whether the assessed impacts of the proposal are significant, and whether there are actions which could be taken to mitigate the impacts.

## 1.3 Current Proposal

The current application made under Part 3A of the Environmental Planning and Assessment Act proposes the following retail floorspace:

▶ full-line supermarket	...	3,810 sq.m.
▶ discount supermarket	...	1,460 sq.m.
▶ specialty shops, kiosks and café	...	4,050 sq.m.
▶ Princes Highway retail showrooms	...	2,400 sq.m..

In addition some 650 sq.m. of commercial floorspace is proposed for the Flora Street frontage of the development.

In total, excluding the Flora Street commercial space, about 11,720 sq.m. of retail floorspace is proposed. This is approximately 3,632 sq.m. larger than the application which was rejected by the Court in 2009.

The retail floorspace would have access to 480 car spaces. In addition 200 commuter car spaces are proposed for commuters using the nearby Kirrawee railway station. In this regard we note that the walking distance between Kirrawee station and the mid-block point on the Flora Street frontage of the subject site is only 270 metres.

The site also proposes a significant component of residential floorspace (in the order of 53,456 sq.m.) to be accommodated in eight residential blocks.

The application made under Part 3A was accompanied by economic reports prepared by Hill PDA for the applicant (Henroth) namely:

- ▶ *A Centres Study for Sutherland Shire Part A – Sutherland Shire in Context* dated June 2010; and
- ▶ *A Centres Study for Sutherland Shire Part B – Part of the Solution: The Former Kirrawee Brick Pit Site* dated November 2010.

## 1.4 Submissions

The Department has received a number of submissions following the advertising of the application. These relate to the economic need and economic impact of the retail component of the proposed development.

In preparing this Report we have been provided with submissions prepared by the following:

- ▶ BBC Consulting Planners – on behalf of Menai Marketplace Shopping Centre and Lend Lease Retail
- ▶ Sutherland Council – including a report prepared by Don Fox Planning Consultants
- ▶ Ingham Planning – on behalf of Westfield Limited and the Dexus Property Group the owners of Miranda Fair
- ▶ Milestone – on behalf of President Avenue Pty Ltd (owners of Supabarn supermarkets in both Sutherland and Gymea) with an attached report prepared by consultants Urbis.

We have also been provided with a response to these submissions prepared by Hill PDA and dated 9<sup>th</sup> March, 2011.

There are a number of common themes raised by submitters namely:

- ▶ that the Land and Environment Court has already refused development on the subject site because of concerns about incompatibility with the provision of the Sutherland Planning Scheme and the impact on Kirrawee and Sutherland centres

- ▶ an alleged inconsistency of the proposal with the provisions of the Draft South Subregional Strategy
- ▶ inconsistency with the provisions of the Draft Centres Policy
- ▶ the likely adverse effect of the current proposal on the Kirrawee and Sutherland centres.

## **1.5 Consultation**

In preparing this Report we met with Mr Adrian Hack and Mr Thomas Duncan of Hill PDA. Messrs Hack and Duncan prepared the economic impact assessment report for the applicant. Various issues were discussed at this meeting concerning the methodology adopted in the Hill PDA report and the report's findings.

The discussion focussed on the reasons for the absence of a defined trade area in the Hill PDA reports (noted above) and the potential impact of the proposal on the Sutherland Town Centre.

Contact was also made with Mr Mark Adamson of Sutherland Shire Council and an invitation extended to make any further submissions. Mr Adamson advised that this would not be possible in the time-frame available. It was noted by him, however, that Council's views were set out in detail in their submission to the Department dated 9<sup>th</sup> February, 2011.

Mr Adamson drew attention to Council's continuing opposition to significant retail development on the Kirrawee site particularly with respect to:

- ▶ the impact of the proposal on the Kirrawee local centre;
- ▶ the impact of the proposal on the long term prospects for redevelopment of the Sutherland Town Centre; and
- ▶ the inconsistency of the proposal with provisions of the Draft South Subregional Strategy.

During the course of preparing this Report, several discussions were also held with Mr Scott Schimanski of the Department of Planning. These discussions primarily canvassed:

- ▶ clarification of the study brief;
- ▶ interpretation of the provisions of the Draft South Subregional Strategy; and
- ▶ interpretation and applicability of the provisions of the Draft Centres Policy.

During the course of preparing this Report, updates were also provided to Mr Schimanski on our draft findings and conclusions.

# 2

# STRATEGIC PLANNING CONTEXT

## 2.1 Introduction

We have been asked to review the proposal as it relates to the following strategic planning documents:

- ▶ Metropolitan Plan for Sydney 2036
- ▶ Draft South Sub Regional Strategy
- ▶ Draft Centres Policy
- ▶ Draft SEPP (Competition) 2010.

In relation to the applicable local planning instrument—namely Sutherland Local Environmental Plan 2006 (LEP2006), we note the site is zoned 7 Mixed Use – Kirrawee. Under this zoning shops are a permissible use. That said, the objectives for the Mixed Use zone at Kirrawee (Zone 7) include:

- “(j) to facilitate the re-vitalisation of the Kirrawee Town Centre and the Kirrawee railway station precinct,
- (k) to ensure any expansion of retail activity within the zone maintains the role and function of Kirrawee Town Centre and does not adversely impact on the sustainability of other centres in the Sutherland Shire,
- (l) to ensure any new shops integrate with and support the existing Kirrawee Town Centre.”



The nearest commercial centre is the Kirrawee Local Centre located at the corner of Oak Road and Flora Street which is immediately adjacent to the subject site. The Kirrawee Local Centre is zoned 9 Local Centre under Sutherland LEP 2006.

To the west of the site (about 1.2km) is the Sutherland Town Centre which is mostly zoned 8 Urban Centre under the Sutherland LEP 2006.

## **2.2 Metropolitan Plan 2036**

The Metropolitan Plan for Sydney 2036 is generally relevant to the application.

Objective B – 2 in the Metropolitan Plan as it relates to “Centres” aims to strengthen major and specialist centres to support sustainable growth. In this regard Sutherland is identified in the Metropolitan Plan as a “potential major centre”.

The Metropolitan Plan outlines some general principles with respect to planning for centres including the following:

- ▶ concentrating activity in accessible centres
- ▶ managing “out-of-centre development” to maximise the economic and social advantages of cluster activity
- ▶ making provision for the growth and urban renewal of centres; and
- ▶ planning for new centres to emerge in appropriate locations.

In this regard we note the Brick Pit site is located in very close proximity to the Kirrawee railway station. While there is argument as to whether the proposal will contribute to the growth or renewal of the Kirrawee (and Sutherland) centres, we do not consider that the location of the site could be termed “out-of-centre” development. Furthermore, the proposal constitutes development in a highly accessible location especially as far as public transport is concerned.

In relation to Sutherland’s designation under the Metropolitan Plan, there is argument as to whether the proposal will contribute to the long-term strengthening of Sutherland if it becomes a major centre.

## **2.3 Draft South Sub Regional Strategy**

Under the Draft South Sub Regional Strategy Sutherland is identified as a “Town Centre”, while the Kirrawee and Gymea centres to the east of the Brick Pit site are identified as “Villages”.

The Draft Subregional Strategy indicates Sutherland *“might grow over the life of the Strategy to become a major centre”*. The Draft Strategy identifies that the key direction of future planning is to resolve the roles of Sutherland, Miranda and Caringbah in terms of their growth over the next 25 years.

The South Subregional Strategy identified a regional planning target of 29,000 jobs over the next 25 years and foreshadowed that a “potential major centre” at Sutherland could capture a share of the 6,000 additional jobs forecast to be created in other listed potential major centres (SOB1.2.1).

Policy B 4.1 stipulates that retail activity should be concentrated near public transport in Centre, Business Development and Enterprise Corridor zones and, accordingly, SOB4.1.1 requires councils to identify sufficient areas to accommodate retail activity in Commercial Core and Mixed Use areas around centres.

In this regard, the Brick Pit site is already designated as a Mixed Use zone under Sutherland LEP 2006 and is immediately adjacent to an existing centre.

While submitters have claimed that the proposal is contrary to the intentions of the Draft Subregional Strategy, we consider it is consistent with aspects of the Draft Subregional Strategy such as its potential to concentrate retail and commercial activity near public transport. Further, we consider the Draft Subregional Strategy cannot be read so literally as to rule out some level of retail development on the subject site.

## **2.4 Draft Centres Policy**

The Draft Centres Policy published in April 2009 has not been finalised. We note that one of the submitters (Ingham Planning) argue the Draft Policy should be given little weight because of its indeterminate status.

The aim of the Draft Policy is stated to be the creation of a network of “vital and vibrant centres” catering for the needs of business and where members of the public will want to “live, work and shop”. The Policy is based on six key planning principles which are set out in TABLE 2.1.

**TABLE 2.1**  
**REVIEW of PROPOSAL in CONTEXT of DRAFT CENTRES POLICY**  
**PLANNING PRINCIPLES**

<b>Principles</b>	<b>Comments on Proposal</b>
1. Retail and Commercial Activity should be located in centres	Not actually in centre but immediately adjacent
2. Planning system should enable centres to grow and new centres form	If need established proposal is consistent even if viewed as a new centre
3. Market best placed to determine need for retail/commercial development. Planning system should regulate location	Agreed there is general market need in Sutherland LGA but Council policies do not support scale of retailing proposed in this location
4. Planning system should ensure adequate supply of available floorspace and promote competition	Kirrawee Local centre constrained. Development potential in Sutherland Town Centre is dependant on use of public car park sites
5. Planning system should support a wide range of retail and commercial premises and should contribute to ensuring a competitive market	Development would widen the range of retail facilities in Kirrawee/Sutherland and increase competition
6. Retail and Commercial development should be well designed	Cannot comment - this is an urban design issue

**Sources:** Draft Centres Policy 2009 and Leyshon Consulting 2011.

In our opinion the subject proposal is generally in accord with the six key planning principles albeit that the Brick Pit site is not actually within a centre but immediately adjacent to the existing Kirrawee Local Centre. That said we note the distance from the mid-block point on the Flora Street frontage of the proposed development to the edge of the Oak Road retail strip at Kirrawee is just 160 metres.

If the view is adopted, as argued by the applicant, that the site in reality is part of the overall Kirrawee Local Centre, then the proposed development would be generally consistent with the Draft Centres Policy notwithstanding that if it proceeded the role of the Kirrawee Local Centre would change.

The Draft Policy (page 3 refers) sets out the following specific provision:

*“This may mean that some lower order centres might expand and take on greater importance at the expense of others or new centres may form and compete with more established centres”.*

In summary the Draft Centres Policy encourages additional retail floorspace to be provided in out-of-centre locations if it cannot be accommodated in existing centres. In our opinion the Draft Centres Policy expresses a strong preference for future development to occur in centre locations or on sites immediately adjacent to existing centres. In our opinion the Kirrawee proposal meets this test.

## **2.5 Draft State Environmental Planning Policy (Competition) 2010**

The aims of Draft SEPP (Competition) 2010 are to promote economic growth and competition and to remove the anti-competitive barriers of environmental planning and assessment in New South Wales.

Draft SEPP 2010 sets out three important principles in relation to competition namely:

- ▶ the commercial viability of a proposed development is not a relevant planning matter

- ▶ the likely impact of proposed commercial development on the commercial viability of other commercial development is not a relevant consideration
- ▶ such impact might be taken into consideration if it is likely that there will be an overall adverse impact on the adequacy of facilities currently available to a local community.

Draft SEPP 2010 also prohibits restrictions being placed on the number and particular types of retail premises and the proximity of particular types of retail premises.

In our opinion the provisions of Draft SEPP 2010 are of limited direct relevance in this case. The Draft SEPP provides that the impact of the proposed facilities on the Kirrawee Brick Pit site on other competing retail facilities (for example supermarkets in the Sutherland Town Centre) is not a relevant matter per se. It would only become relevant if the resultant competition led to an adverse impact on the range and adequacy of such services available to the public in Sutherland or other centres.

This issue is discussed in more detail in Section 4 of this Report.

As a general point, however, it could be argued that the proposal will increase competition and choice in the Kirrawee/Sutherland area (particularly in the supermarket sector) and is thus consistent with the general aims of the Draft SEPP 2010.

# **3 REVIEW of HILL PDA REPORTS**

## **3.1 Introduction**

As previously noted Hill PDA have prepared two extensive reports in relation to retail needs in Sutherland Shire in general and in the Kirrawee area in particular. We understand these reports were prepared after consultation with the Department concerning the methodology to be employed by Hill PDA in undertaking the work.

## **3.2 Part A Report**

The Hill PDA Part A report provides substantial macro-level detail with respect to population and spending growth in Sutherland Shire to 2036. The report also provides extensive detail on the demand for commercial, residential and industrial floorspace as well as floorspace (and development opportunities) in existing centres within the Shire.

We understand the analysis undertaken by Hill PDA was supplemented by a telephone survey of 400 households in Sutherland Shire.

### **3.2.1 Expenditure Projections**

The Hill PDA Part A report provides projections of growth in available retail spending in Sutherland Shire between 2007-36 (Section 6.4 refers). Curiously, for a study completed in 2010, the expenditure forecast are provided in 2007 constant prices (\$2007).

In this regard, we note the absence of expenditure forecasts at current prices (\$2010) was specifically criticised by Urbis in their submitter report prepared on behalf of the Milestone Group. We concur with their criticism.

The Hill PDA projections of available spending assume population growth for Sutherland Shire of around 26,000 persons between 2006-36. We understand the population projections are based on both DP&I and NSW Transport Data Centre population forecasts.

We note the point made by Hill PDA that there is a mismatch between population projections for various Local Government Areas (LGAs) in Sydney and the targets set by the Department for infill housing and the like. Putting this discrepancy to one side, we consider the population projections used by Hill PDA in their analysis are nonetheless reasonable in the circumstances.

Hill PDA estimate total available annual retail spending will increase by \$1,793.5 million during the period 2007-36 (\$2007) (Hill PDA Table 13, page 52 refers). We note, however, the projected growth in population between 2007-36 (26,000 persons) would, at current values, generate additional spending only in the order of \$325 to \$380 million per annum. It appears, therefore, that Hill PDA have made certain assumptions as to real spending growth during the forecast period (that is, growth in spending over and above the underlying rate of inflation). These assumptions are not clearly articulated in their report, however.

If the volume of available spending estimated by Hill PDA in 2007 and 2036 is divided by the population in each of those years, it indicates that average annual retail spending per capita increases from \$12,866 per capita per annum in 2007 to \$18,983 per capita per annum in 2036 (\$2007).



This implies an underlying real growth rate of +1.33% in per capita retail spending rates between 2007-36. While this growth rate accords with trends in New South Wales over the past one to two decades, it may be somewhat optimistic in this instance having regard to population ageing in Sutherland Shire over the next (almost) three decades. We consider, therefore, that an assumption of average annual real growth in per capita spending of +1.33% may overstate the growth in available spending slightly.

Hill PDA have estimated that escape expenditure is in the order of \$250 million per annum (plus or minus \$50 million). After taking tourism spending in Sutherland into account, Hill PDA further estimate that net escape expenditure is in the order of \$150 million per annum. This is negligible (5.4%) based on their estimates of available spending in 2007 of \$2.770 billion per annum.

### **3.2.2 Floorspace Demand**

Hill PDA estimate there was an under-supply of retail floorspace in 2007 within Sutherland Shire of some 74,662 sq.m. based on average turnover rates (Hill PDA Part A report Section 6.7 refers).

This estimate, together with the low level (5.4%) of net escape expenditure they estimate must mean that, as a general proposition, centres in Sutherland Shire are achieving above average retail turnover levels at present. This deduction is borne out to some extent by data of which we are aware which indicates the strong retail sales performance of some of the major centres in Sutherland such as Menai Marketplace, Westfield Miranda, Southgate and Caringbah Shopping Village et cetera.

As noted in TABLE 3.1 these centres were achieving average annual sale rates in 2010 of between \$6,843 per sq.m. (Westfield Miranda) and \$17,612 per sq.m. (Caringbah Shopping Village).

As also noted in TABLE 3.1 all of the four selected major centres in Sutherland Shire exceed national turnover averages. This is particularly the case for the sub-regional centres at Menai and Southgate (Sylvania) and the Caringbah Shopping Village.

**TABLE 3.1**  
**PERFORMANCE of SELECTED CENTRES – SUTHERLAND SHIRE, 2010**

<b>Centre ...</b>	<b>Sales 2010</b> (\$ Mil. p.a.)	<b>Retail Area</b> (Sq.M. GLA)	<b>Average Sales</b> (\$/Sq.M./p.a.)	<b>Centre Type Average</b> (\$/Sq.M./p.a.)
Westfield Miranda	\$123.0	105,653	\$6,843	\$6,300
Menai Marketplace	\$157.0	15,886	\$9,882	\$7,500
Southgate	\$188.7	20,201	\$9,338	\$7,500
Caringbah Shopping Village	\$100.6	5,712	\$17,612	\$12,000

*Source: NSW/ACT Shopping Centre Directory 2010, PCA.*

By 2036 Hill PDA estimate the retail floorspace shortfall within Sutherland Shire could be in the order 205,559 sq.m.. In summary, they estimate that the demand for retail floorspace will increase by some 133,197 sq.m. between 2007-36.

In their report Hill PDA identify so-called retail projects in the “development pipeline” within Sutherland Shire which in total amount to some 94,000 sq.m. of retail floorspace (Hill PDA Part A report, Section 6.8 refers).

We note, however, that this figure includes 21,420 sq.m. at Kirrawee—presumably the proposal for the Brick Pit site. Subtracting this leaves 75,580 sq.m. of mooted retail floorspace.

In summary, while we might quibble with some aspects of the methodology employed by Hill PDA in terms of the underlying rate of real growth in available resident spending, we consider their assessment provides a reasonable indication that:

- ▶ there is probably an under-provision of retail floorspace in Sutherland Shire at present and this in turn underpins the above-average turnover levels being recorded in general and in major centres in particular; and
- ▶ the projected population growth of 26,000 persons by 2036 will generate demand for an additional 52,000 sq.m. of floorspace in and of itself. In addition, real growth in retail spending levels among the Shire's existing population could well increase this demand by another 50-70,000 sq.m. by 2036.

It is important to note that the analysis presented by Hill PDA in their Part A report is essentially a Shire-wide study and does not focus on the suburb of Kirrawee or those immediate adjacent suburbs. Hence, while the report provides valuable contextual data, it does not answer the crucial question *"Is there a need for more retail space in Kirrawee?"*

### **3.2.3 Development Capacity**

Section 10 of the Hill PDA Part A report provides an analysis of development capacity within existing centres. The Sutherland Town Centre is identified as having some redevelopment capacity although this primarily involves the use of a major Council car park. The Kirrawee Local Centre meanwhile is considered, in practical terms, to have little or no redevelopment capacity. We concur with Hill PDA's assessment in relation to this issue.

## 3.3 Hill PDA Part B Report

The Hill PDA Part B Report *“Part of the Solution – the Former Kirrawee Brick Pit Site”* essentially puts the case for the development of the Kirrawee Brick Pit site for retail and residential purposes.

In the Part B report, Hill PDA describe the Brick Pit site as part of the Kirrawee Local Centre. This is disputed by submitters including Council. They note (correctly) that even though the Brick Pit site is very close to Kirrawee it does not have a Commercial zoning under Sutherland LEP and is in fact zoned Mixed Use.

### 3.3.1 General Approach

Hill PDA in their Part B report seem to have adopted a curious approach to impact assessment. For instance, they test two retail development options in terms of their potential impact on centres in Sutherland Shire—namely the proposed development of the Brick Pit site and a sub-regional centre of 22,130 sq.m.. The inclusion of this subregional centre option in their analysis is superfluous as no such application is before either the Department or Council.

### 3.3.2 Trade Area

Hill PDA refer to the need to analyse the impact of the proposed development on the “locality”. They state that for the purposes of their assessment they have assumed the trade area, or geographical influence of the proposal, can be assumed to be the “locality” in this case (Part B report, page 15 refers). Notwithstanding this statement, the Part B report does not identify a discrete “locality” or trade area for either of the proposed development options they subsequently test.

This deficiency has been referred to specifically in submissions made by Urbis on behalf of the Milestone Group and by Don Fox Planning in their submission prepared for Council. We agree that a discrete trade area for the proposed development should have been defined and analysed.

The absence of a defined trade area is considered a significant deficiency of the Part B report. This is particularly so given that a trade area is relatively easy to define in this case having regard to the location of existing supermarkets in the region surrounding Kirrawee.

The absence of a defined trade area limits the ability of the Department (and others) to understand the likely extent of the influence of the proposed development and the supply and demand parameters existing within that sphere of influence or trade area.

As previously noted, the development concept for the Brick Pit site proposes two supermarkets namely:

- ▶ full-line ... 3,810 sq.m.
- ▶ discount supermarket ... 1,460 sq.m..

While it is reasonably clear that the full-line supermarket will be tenanted by either Woolworths or Coles, we note the so-called discount supermarket of 1,460 sq.m. is almost identical in size to many stores operated by ALDI.

At present ALDI operate supermarkets at Miranda, Menai and Engadine. Full-line Coles or Woolworths supermarkets meanwhile are found at Menai, Sylvania (Southgate), Kareela, Miranda and Caringbah.

The location of these supermarkets can be used to determine a trade area for the proposed Kirrawee centre. In their report for Milestone Urbis have undertaken this very exercise. We have revisited this issue ourselves and the trade area we consider would apply is described in FIGURE 3.1.

While it is usual to divide trade areas into primary and secondary zones, for the purpose of this analysis we have treated the trade area as a single entity. This approach is considered justified particularly if an ALDI is part of the proposed development. In our opinion, the inclusion of an ALDI would result in the centre drawing relatively evenly across the entire trade area described in FIGURE 3.1.

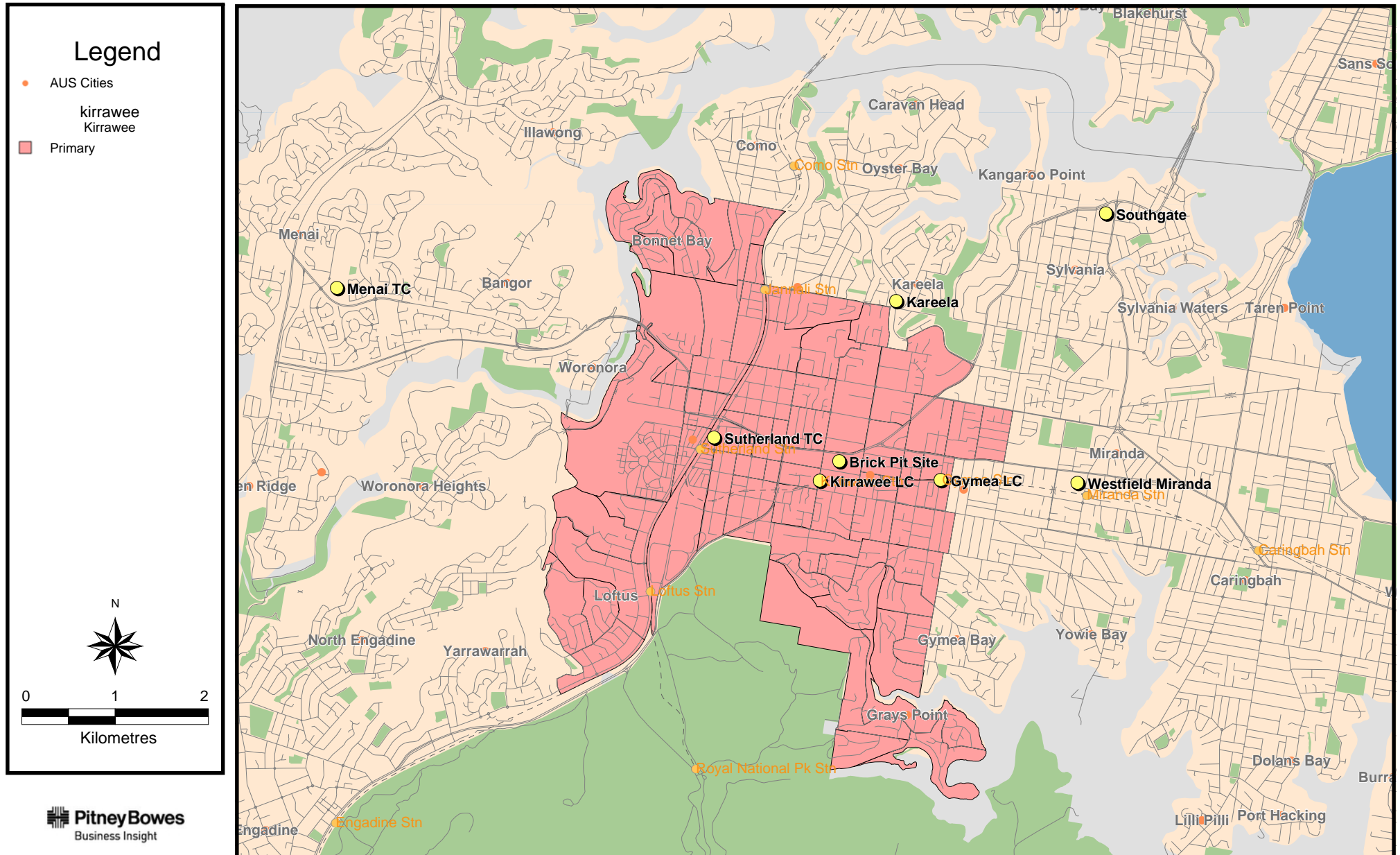
At the 2006 Census 38,079 persons resided in the trade area depicted in FIGURE 3.1. We estimate the 2012 population will be approximately 39,236 persons.

As noted in TABLE 3.2, total available retail spending generated by trade area residents in 2012 is estimated at approximately \$487.7 million per annum with available supermarket expenditure estimated at \$156.1million per annum (\$2010).

**TABLE 3.2**  
**ESTIMATED AVAILABLE RETAIL SPENDING –**  
**KIRRAWEE TRADE AREA, 2012 (\$2010)**

<b>Factor ...</b>	<b>PTA</b>
Population	39,236
Average Spending (\$ per capita)	\$12,430
Total Available Retail Spending (\$ Mil. p.a.)	\$487.7
<b>Spending by Category (\$ Mil. Per annum)</b>	
Food/Groceries	\$136.2
Food Out	\$54.0
Alcohol (Off License)	\$17.4

# FIG 3.1: Kirrawee Trade Area



**TABLE 3.2**  
**ESTIMATED AVAILABLE RETAIL SPENDING –**  
**KIRRAWEE TRADE AREA, 2012 (\$2010)**

<b>Factor ...</b>	<b>PTA</b>
Tobacco	\$14.1
Clothing and Accessories	\$55.3
Household Furnishings and Equipment	\$64.7
Household Non Durables	\$16.3
Medical/Pharmacy	\$16.0
Vehicle Accessories	\$10.3
Recreation	\$68.6
Personal Care	\$22.0
Miscellaneous Goods and Services	\$12.8
<b>Total Retail Spending</b>	<b>\$487.7</b>
<b>Total Supermarket Spending</b>	<b>\$156.1</b>

Source: Leyshon Consulting Estimates, June 2011.

### 3.3.3 Centre Sales

Notwithstanding the absence of a trade area in their analysis, Hill PDA have estimated the likely turnover of the proposed development scheme at some \$87.9 million per annum (\$2007). If this sales estimate was adjusted to 2010 prices (\$2010) it would be equivalent to about \$95.3 million per annum. The supermarkets are estimated to achieve turnovers of approximately \$10,000 per sq.m. \$2007 per annum.

Urbis in their submission argue that the estimation of potential centre turnover should have been determined on a market share basis. That is, market shares should have been allocated to various parts of an identified trade area as a basis for estimating potential future centre sales.



While we consider there is some merit to this criticism, the turnover assumed for the project estimated by Hill PDA appears reasonable to us: it may even be somewhat optimistic.

## **3.4 Demand for Supermarket Floorspace**

In our opinion the two proposed supermarkets will be critical to the viability of the retail component of the project as a whole. It is these stores which will “drive” foot traffic in the proposed centre.

Hill PDA estimate the two supermarkets will capture sales of some \$52.7 million per annum (\$2007) or 60% of the total sales of the centre (\$87.9 million per annum; \$2007) in 2014.

On the basis of the trade area identified in FIGURE 3.1, we have calculated available retail spending in 2012 (\$2010). This estimate has been derived using data from the following sources:

- ▶ Australian Bureau of Statistics (ABS) Census 2006
- ▶ ABS Household Expenditure Survey 2003-04
- ▶ ABS Retail Trade data (NSW) 2006-10
- ▶ ABS Consumer Price Index (NSW) 2006-10
- ▶ ABS Average Weekly Earnings data 2006-10.

As noted in TABLE 3.2, our analysis indicates total available supermarket spending in 2012 in the trade area we have defined would be in the order of \$156.1 million per annum (\$2010). Assuming an average supermarket sales rate of \$10,000 per sq.m. per annum, spending by trade area residents generally could support some 15,600 sq.m. of supermarket floorspace in 2012.

Our research indicates the current supply of supermarket floorspace in the trade area we have defined (including a partial provision of space at the Kareela Centre which lies just outside the trade area) is in the order of 7,095 sq.m. namely:

▶	Sutherland Supabarn	...	2,500 sq.m.
▶	Franklins Sutherland	...	977 sq.m.
▶	Supabarn Gynea	...	1,000 sq.m.
▶	Franklins Jannali	...	1,118 sq.m.
▶	Coles Kareela (part)	...	1,500 sq.m.
▶	<b>Total</b>	...	<b>7,095 sq.m..</b>

In 2012, therefore, a theoretical shortfall of supermarket floorspace of some -8,505 sq.m. would exist assuming 100% self-containment of supermarket spending was achieved—that is, no escape supermarket spending was flowing out of the trade area.

Obviously 100% containment of supermarket spending within any given trade area is highly unrealistic. Even assuming an 80% self-containment factor, the total demand for supermarket floorspace within the trade area in 2012 would be in the order of 12,480 sq.m.. Adjusting for the current supply would still yield a shortfall of around -5,385 sq.m. of supermarket floorspace. This is almost identical to the supermarket floorspace being proposed in the subject application for the Kirrawee site (5,270 sq.m.).

In summary, at a theoretical level at least there appears to be adequate capacity within the trade area to support the supermarket floorspace being proposed for the Kirrawee site without resulting in any adverse impact on the achievement of reasonable turnover levels at existing supermarkets in the trade area.

# 4

## IMPACT ANALYSIS

### 4.1 Introduction

Hill PDA's analysis of the potential impact of the proposal is outlined in Section 2.4 of their Part B report and in Table 2 on page 16 of that report in particular. In undertaking this analysis Hill PDA assume the proposed development will commence trading in 2014.

As a general point it is difficult to assess the impacts which are set out in columns 6 and 7 of Table 2 on page 16 in the absence of Hill PDA's estimation of what the likely trade area of the centre will be.

### 4.2 Gravity Model

We note that Hill PDA indicate that to calculate the impacts of a centre they have used what they refer to as a "bespoke gravity model". They go on to describe the gravity model they have employed as being designed on *"the premise that the level of redirected expenditure from a centre is directly proportional to the turnover of that centre and indirectly proportional to the distance from the subject Site"* [sic].

The Department should note that we do not agree with this description how a gravity model operates. There are, in fact, a number of significant factors which affect gravity models in addition to those referred to by Hill PDA (namely, turnover and distance). These include:

- ▶ the quantum of floorspace in various centres included in the modelling

- ▶ shoppers' perception of the difference in quality between various centres
- ▶ "variety seeking behaviour"—that is shoppers looking for a change in their usual shopping habits
- ▶ the importance of national chain "anchor" tenants in shaping shopping behaviour
- ▶ centre accessibility
- ▶ availability of parking in centres et cetera.

## **4.3 Shopper Survey**

It is unclear how the results of the shopper survey provided in Appendix 4 of the Hill PDA Part A influenced their Part B report.

In relation to the survey, it is difficult to identify data relating to the shopping behaviour of residents of Kirrawee and immediately adjacent suburbs. Hill PDA have aggregated all relevant data into a very large "Central Area" which stretches from the Woronora River in the west to Caringbah in the east. Within such a large area shopping behaviour in all likelihood will vary very substantially from place to place.

## **4.4 Specific Impacts**

### **4.4.1 Overview**

The principal impacts on centres in 2014 (in \$2007) identified by Hill PDA are as follows:

▶	Miranda	...	-\$30.6 million	(-3.4%)
▶	Caringbah	...	-\$9.0 million	(-3.1%)
▶	Sutherland	...	-\$7.6 million	(-7.6%)
▶	Southgate	...	-\$5.9 million	(-3.1%)
▶	Kareela	...	-\$5.0 million	(-10.3%)
▶	Engadine	...	-\$4.3 million	(-1.8%)
▶	Menai	...	-\$4.2 million	(-1.9%).

In addition an impact on “other localities” of -\$12.3 million in 2014 is also identified. While it is not discussed in any detail by Hill PDA, we assume a significant component of this particular impact must relate to the bulky goods retail showrooms component of the project—that is, an impact on bulky goods precincts.

We question the quantum of the impacts on certain centres as set out in Table 2 of the Part B report. For example, it is difficult to understand why centres as far away as Taren Point and Cronulla would experience any adverse impact from a development at Kirrawee given the distance between these centres and the subject site.

A similar comment could be applied to Caringbah which is located well to the east of Kirrawee but is forecast to experience a -\$9.0 million per annum impact in 2014; much higher in dollar terms than more localised centres such as Sutherland (-\$7.6 million) and Kareela (-\$5.0 million).

#### **4.4.2 Impact on Miranda**

Hill PDA identify the majority of the impact of the proposal (-\$30.6 million or around 34.8% of the total impact) will fall on the Miranda centre (Westfield + balance). According to them in 2014 this will be an impact of -3.4%.

Implicit in this calculation is that the total turnover of the Miranda centre as a whole in 2014 is \$899.1 million per annum (\$2007).

The reported turnover of Westfield Miranda (which dominates the Miranda centre) in 2010 was \$724.0 million per annum. The only other significant centre in Miranda is Parkside Plaza, a Coles-anchored centre of 4,572 sq.m.. We would be surprised if this centre is achieving sales of more than \$70.0 million per annum. Hence the total sales of the Miranda centre per se at present are likely to be in the order \$794.0 million per annum (\$2010). This is broadly equivalent to \$732 million per annum in \$2007.

It is difficult to see how the turnover of Miranda will grow to \$899.0 million (\$2007)–or \$973 million in \$2010–by 2014 as claimed by Hill PDA. In any event the impact on Miranda–while significant in terms of actual turnover–is insignificant as a proportion of the total centre turnover in 2010 of at most about -3.8%–let alone the centre’s actual turnover in 2014.

Interestingly, we note that Urbis undertook an impact assessment which is detailed in Table 4, page 9 of their report. They estimate the negative impact on Westfield Miranda (alone) at -\$18.8 million in 2014 or -3%. This is, however, based on a centre turnover in 2014 of \$625.0 million per annum, approximately \$100.0 million less than the published 2010 turnover of the centre (\$724 million). Their analysis of this issue is clearly erroneous.

### **4.4.3 Impact on Other Centres**

We consider the most relevant impacts likely to be produced by the proposed development will fall on the following centres:

- ▶ Sutherland
- ▶ Kirrawee
- ▶ Gymea
- ▶ Kareela.

As each of these centres is relatively small they have far less capacity to absorb high level impacts.

## **Sutherland Impact**

Hill PDA forecast the Sutherland Town Centre will experience an impact of -\$7.6 million or -7.6% in 2014 assuming a centre turnover of \$99.1 million per annum in 2014. We understand this turnover figure “factors in” the addition of the Supabarn supermarket in 2010.

Our assessment of the Sutherland Town Centre’s performance is similar to Hill PDA’s. Including the Supabarn supermarket we estimate annual centre sales should be in the order of \$95.0 million in 2010 rising only rise marginally to some \$97.0 million by 2014 (\$2010).

We estimate the potential impact on the Sutherland Town Centre to be -\$8.0 million (or -8.3%) in 2014 (TABLE 4.1 refers). The majority of this impact would fall on the Supabarn and Franklins supermarkets which together we estimate are likely to experience a loss of sales of approximately -\$5.0 million in 2014 (\$2010). The discrete impact on the Supabarn and Franklins supermarkets, although significant, is unlikely to lead to their closure, however.

The overall impact on the Sutherland centre of -8.3% falls within the generally accepted medium-to-high category of impact but is insufficient in and of itself to warrant refusal of the application.

**TABLE 4.1**  
**ESTIMATED IMPACT of KIRRAWEE PROPOSAL on SELECTED CENTRES,**  
**2014 (\$2010)**

<b>Centre ...</b>	<b>2010</b> (\$ Mil. p.a.)	<b>2014</b> <b>Pre Impact</b> (\$ Mil. p.a.)	<b>Impact</b> <b>2014</b> (\$ Mil. p.a.)	<b>2014</b> <b>Post Impact</b> (\$ Mil. p.a.)	<b>Impact</b> <b>2014</b> (%)
Sutherland	\$95.0	\$96.9	(\$8.0)	\$88.9	-8.3
Kirrawee	\$14.0	\$14.3	(\$2.0)	\$12.3	-14.0
Gymea	\$40.0	\$40.8	(\$2.5)	\$38.3	-6.1
Kareela	\$45.0	\$45.9	(\$5.0)	\$40.9	-10.9

**Source: Leyshon Consulting Estimates, June 2011.**

We note that Urbis in their submission estimate the 2010 annual sales of the Sutherland Franklins to be \$9.8 million (\$2010) and those of the Supabarn at \$18.4 million. This equates to average sales as follows:

- ▶ Franklins ... \$10,500 per sq.m. per annum
- ▶ Supabarn ... \$7,666 per sq.m. per annum.

The Franklins turnover is above average for a supermarket of its scale while the Supabarn turnover is somewhat below average.

We assume the turnovers cited by Urbis are indeed the “actual” Supabarn sales in 2010 given their report was prepared for a company which owns the Supabarn supermarkets at Gymea and Sutherland: presumably they would have been privy to actual data on sales performance.

If the turnover estimates identified by Urbis are indeed accurate, we would concur with their assessment that the impacts on these two supermarkets would be in the range of -15% to -20%.

In our opinion, despite such an impact both supermarkets are unlikely to cease trading for that reason alone as their modified turnovers while



below average would still be acceptable. On this point we also note that no such claim is made by Urbis in their report prepared on behalf of Supabarn.

In summary, we consider the impact on the Sutherland Town Centre will be higher than that estimated by Hill PDA. That said, the impact on either the centre's supermarkets in isolation or the centre in general is unlikely to be significant enough to warrant refusal of the application.

## **Impact on Kirrawee**

Hill PDA estimate the impact on Kirrawee in 2014 will be -\$0.9 million (\$2007)–a decline in annual sales of -5.1%.

As noted in TABLE 4.1, our analysis suggests the actual impact on Kirrawee could be higher at -\$2.0 million (\$2010) in 2014 or -14.0%.

The precise nature of the impact on Kirrawee is more difficult to analyse compared with if it were a much larger centre or had a supermarket as its anchor. Where a centre such as Kirrawee consists of small independent retailers, the consequences of a certain level of impact are more uncertain. In reality, the actual impact on the Kirrawee strip will be determined by a number of factors including:

- ▶ the extent to which tenancies in the strip are replicated in the proposed new centre
- ▶ the loyalty of local residents to Kirrawee strip retailers
- ▶ whether the proposed development's commuter parking encourages substantial foot traffic between the railway station and the subject site.

As noted above, we estimate a potential impact of -14% (-\$2.0 million) in 2014 on the Kirrawee centre. That said, the actual result could vary significantly depending on a range of factors including those identified above. We would classify such an impact as being in the “high” range of impact.

In this instance we consider that retail activity in the existing Kirrawee strip could decline over time. This will be the case particularly if existing Kirrawee retailers are duplicated in the proposed centre. Under this outcome, the strip may not experience a rapid recovery of its trading levels from the initial impact caused by development of the Brick Pit site.

The fundamental question in relation to the Kirrawee centre becomes, therefore, whether the community will be better off in net terms with the proposed new centre taking into account this impact?

There is considerable legal authority concerning the principles on which the assessment of the economic effects of development applications should be based. The two most significant judgments in this regard are:

- ▶ Kentucky Fried Chicken-v-Gantidis (1979 149CLR675)
- ▶ Fabcot-v-Hawkesbury Shire Council (1979 93LGERA373).

The three most significant principles derived from these two judgments are as follows:

- ▶ that the threat of competition between individual retail organisations or traders is not a relevant town planning consideration

- ▶ that the threat of competition to existing businesses—if not accompanied by a prospect of a resultant and overall adverse effect on the adequacy and extent of facilities available to a community if the development approved is not a relevant town planning consideration
- ▶ that if retail facilities currently enjoyed by a community (or planned for it) are put in jeopardy by the proposed development, and if the proposed development itself does not make good the detriment, then that is a relevant town planning consideration.

In our opinion, it is the third of these principles which is most relevant to the potential impact of the proposed development on the existing Kirrawee strip centre.

We consider it could be argued in this particular case that the potential loss of retail tenants in the Kirrawee strip would, as far as the general public is concerned, be “made good” by the provision of such tenants in the proposed new centre on the Brick Pit site.

## **Gymea/Kareela**

As can be noted from TABLE 4.1, we estimate the potential impacts of the proposal on Gymea to be -6.1% and Kareela -10.9% in 2014. For both these centres we do not consider the impacts to be significant enough to warrant refusal of the application, however.

## **4.5 Future of Sutherland**

The other broader question posed by the proposed development is the significance it holds for the future development of the Sutherland Town

Centre as a “potential major centre”? In our opinion approval of the proposed Brick Pit development will make it problematic whether or not a full-line supermarket could be developed in the Sutherland Town Centre within the next decade. This of course begs the question as to whether an appropriate site could be identified to accommodate such a large store in the town centre.

In our opinion, the implication of the proposal for the Sutherland Town Centre is that if it is approved and proceeds to development, no substantial further retail development is likely to occur in Sutherland within the foreseeable future. This outcome will flow from the likely attractiveness of a centre with two supermarkets on the nearby Kirrawee Brick Pit site.

# 5

## CONCLUSIONS and RECOMMENDATIONS

As has been elaborated upon in this Report, we have certain reservations about aspects of the analysis undertaken by Hill PDA in support of the applicant's development proposal for the Brick Pit site. That said, our reservations are not of sufficient gravity to alter the fundamental conclusions reached by Hill PDA with respect to the economic need and impact of the proposal.

Most pertinent is that neither ourselves nor objectors to the proposal dispute the fact that suburbs surrounding Kirrawee are currently under-supplied with retail floorspace in general and supermarket floorspace in particular. This is notwithstanding the recent addition of a Supabarn store to the Sutherland Town Centre.

Doubt does exist, however, in relation to the impacts of the proposed development. Our analysis indicates these will be relatively significant but not of a sufficient scale which, in this instance, warrants the application's refusal. We note no evidence has been provided by submitters that advances a contrary opinion.

The major long-term implication of the project's approval is that for the next decade there will be no prospect of further major retail development in the Sutherland Town Centre and most particularly one which might include a full-line supermarket. That said, there is no doubt additional retail development in the Sutherland Town Centre would be difficult to achieve in any event given the only prospective development site is Council's existing car park off Flora Street. Any development on this site would need to replace the existing provision of public car

parking as well as providing for the parking needs of any new retail or commercial development on that site. In our experience, the feasibility of such developments is often questionable.

Despite agreement in relation to a need for additional retail/supermarket floorspace in the Kirrawee/Sutherland area, considerable dispute exists as to where such a need best should be met. The submitters particularly draw attention to the alleged inconsistency of providing substantial retail floorspace on the Brick Pit site in terms of the Sutherland Planning Scheme, the Sutherland Development Control Plan, the Draft Subregional Strategy et cetera. In their view there is nothing in these plans or strategies which suggest significant retail development should be accommodated on the Brick Pit site.

Our view, however, is that where legitimate retail needs can be identified from a regional planning perspective they should be accommodated in existing centres and particularly in locations which are well-serviced by existing public transport services.

In this case, there is no compelling evidence the proposed development could be accommodated either within the existing Kirrawee Local Centre or the Sutherland Town Centre. Moreover, the Brick Pit site is well-serviced with public transport—which as previously noted is within 260 metres of the site. Lastly, while not located within the existing Kirrawee Local Centre itself, the site is immediately adjacent to it.

On balance and having regard to the above factors as well as the appropriateness of incorporating retailing within major mixed use projects, we consider the economic impact of the project is acceptable and that it will increase competition and choice for residents of Kirrawee and immediately adjacent suburbs.

In relation to factors which could mitigate the proposal's impact we do not consider the proposed retail component should be 'scaled down' given our view on the acceptability of its likely impact.

In relation to 'built form' we agree that if the majority of the retail components of the centre were at ground level on the Flora Street frontage of the site it would integrate better with the existing Kirrawee centre. This approach may not be feasible given the already excavated nature of the site and the extent of residential development proposed above the retail podium, however.

