

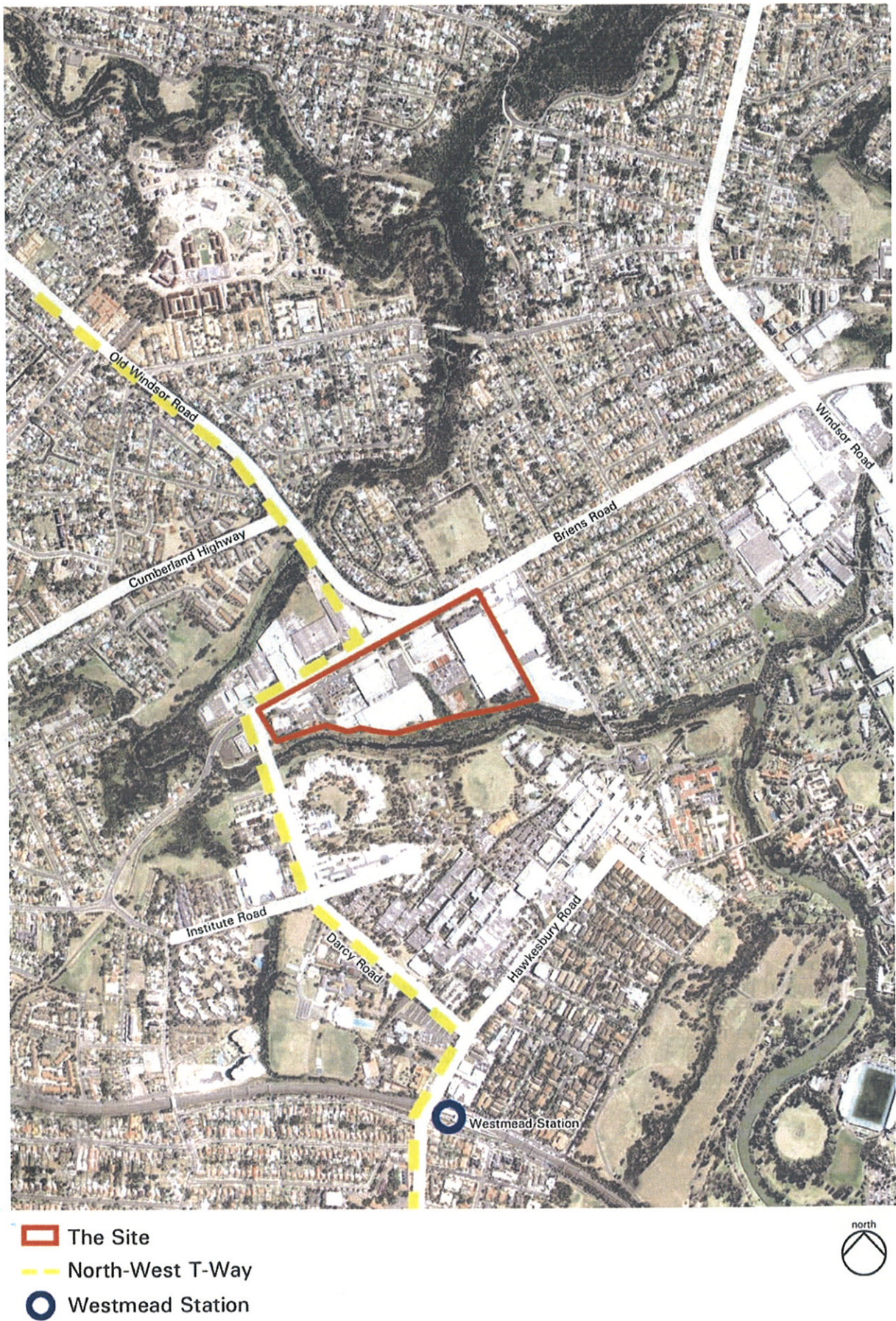


Figure 2 – Surrounding Land Uses



Figure 3 – Existing Site Layout

The current CCA supply network in NSW comprises 2 production facilities (Northmead and Smithfield), 3 warehousing facilities (Northmead, and 2 at Smithfield), a distribution centre at Eastern Creek (not yet constructed) and several outside storage facilities.

Production and storage at the Northmead facility have reached capacity, and this has resulted in a need to import product from other States and a proliferation of other external warehouse facilities in Sydney. As part of an overall re-development strategy for its NSW operations, CCA now wishes to consolidate its warehouse operations for its bulk customers (e.g. Coles, Metcash and Woolworths) at the Northmead site through the construction of a 32 metre “High Bay Warehouse” (HBW) and expand its production by adding 3 new production lines to the existing facility.

2. PROPOSED PROJECT

The main components of the proposed project are listed in Table 1 (see Figure 4).

Table 1: Major Components of the Project

Component	Description
Demolition	Staged demolition of several existing structures including: financial and equipment services building; canteen; training rooms; packaging store; demountable offices; gatehouse and a portion of the existing warehouse.
Site Preparation Works	Removal of car park paving, relocation of existing stormwater drains and bulk earthworks to establish building platforms.
High Bay Warehouse (HBW)	Construction of a high bay warehouse with a floor area of approximately 11,900m ² (128m x 93m) and capacity to accommodate 55,000 pallets. The HBW would be 32 metres in height.
Staging Area	Construction of a staging area adjoining the HBW. The staging area would transfer product from the HBW to delivery trucks and would have a floor area of 3,900m ² and be 13.5 metres in height.
Expansion of the Manufacturing Facilities	Adaptation of the existing 7,200m ² finished goods warehousing buildings to accommodate 3 new beverage production lines and associated manufacturing plant.
Staff amenities	Construction of a 2,000m ² (over two levels) canteen, office, training facility and amenities building adjacent to the main production building. Construction of a new gatehouse and driver amenities with a total floor area of 235m ² .
Parking and Site Access	Rationalisation of site access points to segregate passenger and delivery vehicles. Consolidation of all parking areas in one location. Construction of a new heavy vehicle access point and truck queuing area at the western end of Briens Road.
Stormwater	Installation of 2 separate on-site detention tanks with eventual discharge to Toongabbie Creek, following filtration. 200m ³ of stormwater would be retained for on-site irrigation of landscaped areas.
Landscaping	Landscaping of the road frontage and 8 metre setback area from the site boundary, including planting of mature fig trees along Briens Road.

Operations would generally be undertaken as follows:

- soft drinks would be manufactured at the production lines, packaged and palletised before being stored in the HBW; and
- soft drink pallets from the HBW would then be distributed to customers (including large retailers such as Woolworths) via truck or be transported to CCA's distribution centre at Eastern Creek to replenish stock.

The proposal has a capital investment value of \$140 million, and would create an additional 105 jobs during operations and 120 construction jobs.

The Environmental Assessment (EA) for the project was lodged with the Department in September 2006 (see Appendix E).

4. ISSUES RAISED IN SUBMISSIONS

During the exhibition period, the Department received 118 submissions on the proposal:

- 6 from public authorities (Department of Environment and Conservation, NSW Roads and Traffic Authority, Department of Natural Resources, Sydney Water, Parramatta Park Trust and Parramatta City Council);
- 1 from the Northmead Residents Action Group; and
- 110 from the general public (including a petition signed by 362 people).

The Department of Environment and Conservation (DEC), the Department of Natural Resources (DNR), the Roads and Traffic Authority (RTA), and Sydney Water raised no objections to the proposal, and provided their recommended conditions of approval. The Parramatta Park Trust did not object to the project, but raised concerns about the visual impact of the project on Parramatta Park and surrounding areas.

Council and all but 3 of the public submissions objected to the project. The matters raised by Council and the community were generally similar and focused on the following key issues:

- the justification for the project, including the height, bulk and scale of the project and whether the project would create a precedent for similar developments in the future;
- the visual impact of the project, including the impact on nearby residents and road users in the vicinity of the site;
- noise impacts, including the adequacy of the proposed mitigation measures to minimise noise impacts on residents to the north of the site;
- traffic impacts, including the impact on local traffic flows, the safety of the proposed site access arrangements, and parking; and
- stormwater management and impacts on Toongabbie Creek.

A copy of the submissions is provided in Appendix D, and the Department has assessed the relevant issues raised in the submissions in Section 5 of this report. CCA has prepared a Preferred Project Report and a response to submissions which is attached as Appendix B.

5. ASSESSMENT

5.1 Justification for the Project

CCA has considered a range of alternatives to meet the overall needs of its business to create additional capacity, streamline its logistics chain in NSW, and minimise the scale and bulk of the preferred option at the Northmead site (see Table 2).

Table 2: Alternatives to the Project

Alternatives	Comments
Status Quo	If the project did not proceed, it would jeopardise the overall redevelopment strategy and result in additional demand in NSW being met through facilities in Victoria and Queensland. It would also result in forgoing the opportunity to immediately eliminate 26,000 B-double movements in the Sydney region that are currently needed because of the unconsolidated nature of CCAs manufacturing and distribution centres in NSW.
Relocation of the Northmead facility	This option would cost an additional \$250 million and would fail to make the most of the central location of Northmead as alternative locations would most likely be only available on the outskirts of Sydney and would generate additional vehicle movements and increase the cost of supply. Many of the existing 700 jobs at Northmead may also be lost if this option was pursued.
New Production Facility	This option would cost an additional \$80 million and would fail to make the most of the existing production facilities at Northmead.
Splitting the required warehouse capacity between Northmead and Eastern Creek	Splitting the required warehousing capacity between the Northmead and Eastern Creek facilities would result in a duplication of costs, with neither facility having the capacity to meet customer requirements.

Alternative heights of the HBW	
- 40 metres	A 40 metre high HBW would provide CCA with the storage to accommodate future requirements (55,000 pallets in 2008 and 90,000 pallets in 2020), and is considered by CCA to be the optimal height for the facility. However, concerns were expressed by the Department about the potential visual impacts of a 40 metre high warehouse on the site, and CCA subsequently amended its proposal to a 32 metre high warehouse (see below).
- 32 metres	A 32 metre high HBW provides a 55,000 pallet capacity, the minimum storage requirements for the project to be feasible. This option would meet 2008 storage requirements, but would restrict future expansion. CCA are proposing that the Northmead facility would be supported by the Eastern Creek facility to meet storage requirements beyond 2008. A 32 metre high facility is CCA preferred option.
- Less than 32 metres	A facility less than 32 metres high would not meet minimum storage requirements. To meet the storage requirements the footprint of the facility would need to be increased. Due to site limitations, an expanded footprint would require the demolition of buildings on the site, would restrict vehicle movements and would limit any expansion in production at the site. In addition, more cranes would be required, increasing the overall cost of the project. CCA considers that this option is not feasible.
Sinking the floor of the HBW	Sinking the floor of the HBW by 6 metres would result in the floor level being below the natural water table and below the 1 in 100 flood level. The cost would be in the order of \$8 million and would delay construction by 6 months, costing an additional \$2 million in construction costs.
Reducing the height and increasing the width of the HBW	Reducing the height and increasing the width of the HBW would require a larger footprint, the demolition of various other buildings on the site, limit the ability for expansion, and remove the opportunity to reuse existing infrastructure on the site to accommodate office staff (up to 320 jobs). CCA therefore do not consider this option viable.
Splitting the HBW into a number of compartments/buildings	The size and height of the HBW is defined by the automatic storage system which is attached to the external fabric of the building. Any proposal to split the HBW would require a larger footprint that would preclude the expansion of the manufacturing facility on the site. In addition, to accommodate the required 55,000 pallet capacity within the available area, the height of the warehouse would have to be increased to 40 metres or more. As discussed above, the visual impact of this is not considered acceptable.

This analysis concludes that any option (other than the preferred option) would have major disbenefits including significant increases in capital cost, significant increases in vehicle movements in the Sydney region, and could result in job losses and a need to import products from inter-state.

The analysis also indicates that the size and shape of the HBW is governed by the automatic storage system which is attached to the external cladding and the fixed height of the cranes used to access the storage racks. This essentially eliminates the opportunity for variation in height or longitudinal separation of building components. CCA therefore argues that any other alternative layouts at the Northmead site that reduced the scale and bulk of the facility would fail to provide sufficient capacity to meet customer requirements, would result in significant inefficiencies in the logistics chain, or would require significant additional capital investment.

Notwithstanding, the Department believed it was important to test the arguments put forward by CCA to justify the project, and commissioned an independent review to investigate the economic justification for the project. This review focused on 2 key questions (see Appendix C):

- why the proposed project needs to be on this particular site; and
- why the proposed HBW needs to be 32 metres high.

To address these questions, the review analysed the cost of continuing the existing operations at the Northmead site (base case) and compared it with the various feasible alternatives considered by CCA in its EA (see Table 3). The results of this analysis indicate that the preferred option requires less total investment than all other options with the next best option (sinking the HBW) costing an additional \$12 million more than the preferred alternative. The independent review therefore essentially confirms the arguments put forward by CCA to justify the location for the project and the height of the proposed HBW.