



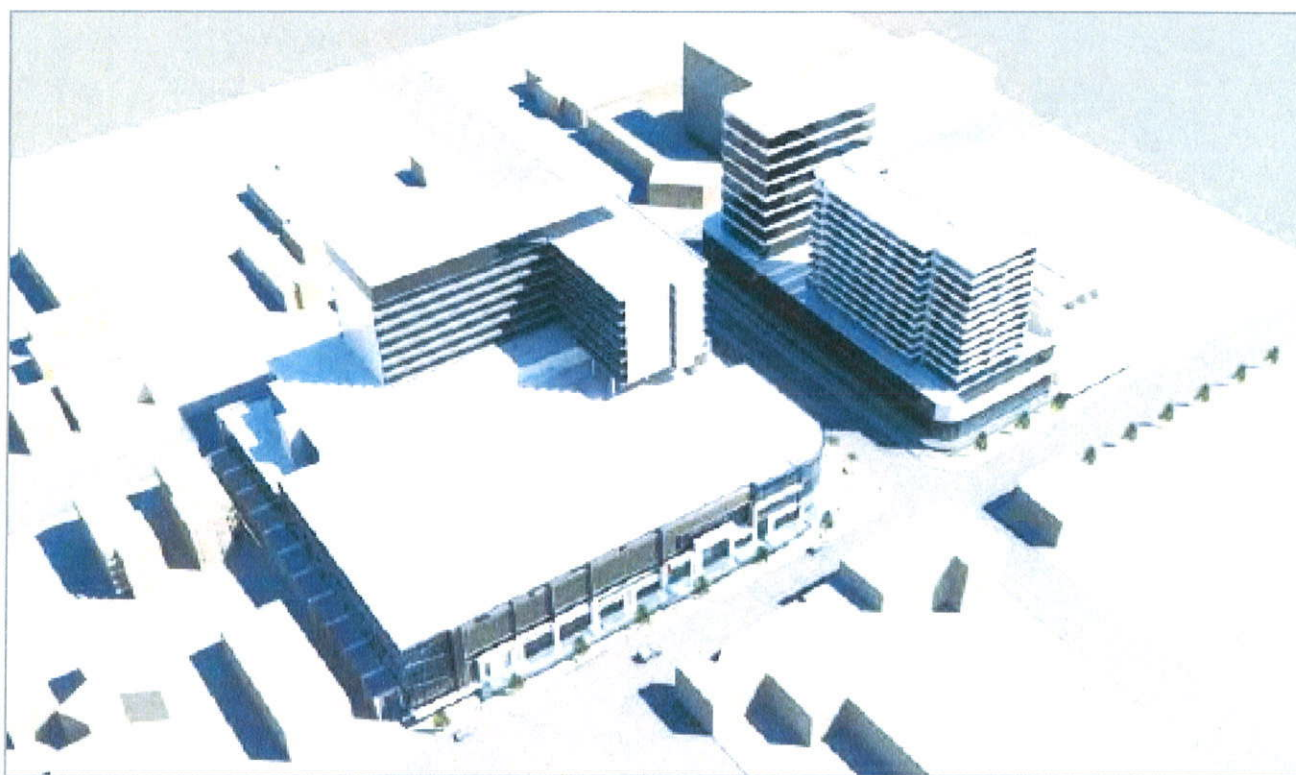
MAJOR PROJECT ASSESSMENT:

Mixed Retail, Commercial & Residential Development

***31 Crown Street (Dwyer's site) and 47 Crown Street
(Oxford Tavern site) Wollongong***

Wollongong City Plaza Pty Ltd

MP 06_0257



Director-General's
Environmental Assessment Report
Section 75I of the
Environmental Planning and Assessment Act 1979

August 2011

ABBREVIATIONS

CIV	Capital Investment Value
Department	Department of Planning and Infrastructure
DGRs	Director-General's Requirements
Director-General	Director-General of the Department of Planning and Infrastructure
Draft Competition	Draft State Environmental Planning Policy (Competition) 2010
SEPP	
EA	Environmental Assessment
EP&A Act	<i>Environmental Planning and Assessment Act 1979</i>
EP&A Regulation	Environmental Planning and Assessment Regulation 2000
EPI	Environmental Planning Instrument
MD SEPP	State Environmental Planning Policy (Major Development) 2005
Minister	Minister for Planning & Infrastructure
PAC	Planning Assessment Commission
Part 3A	Part 3A of the <i>Environmental Planning and Assessment Act 1979</i>
PEA	Preliminary Environmental Assessment
PFM	Planning Focus Meeting
PPR	Preferred Project Report
Proponent	Wollongong City Plaza Pty Ltd
RFDC	Residential Flat Design Code
RtS	Response to Submissions
WCC	Wollongong City Centre

Cover Photograph: Proposed concept plan viewed from the north-east as contained in PPR

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EXECUTIVE SUMMARY

The proponent, Wollongong City Plaza Pty Ltd, proposes a mixed use retail, residential, commercial and hotel development at a site commonly known as the Dwyer's and Oxford Tavern sites. The Dwyer's and Oxford Tavern sites have a total area of 15,915m² and are separated by Corrimal Street, Wollongong. They are located within the Wollongong City Centre.

The proposal seeks Concept Plan approval for the mixed use development of the two sites and Project approval for the Stage 1 component. The overall project includes:

- a 5 level entertainment and leisure retail centre, including 4 levels of basement parking on the Dwyer's site (Stage 1, Project Application);
- an 8 level hotel, conference and restaurant facility above the Dwyer's podium (Stage 2); and
- development of the Oxford Tavern site comprising of a podium with mixed use tavern, retail offices, and an office tower and residential tower above the podium (Stage 3).

This project has a CIV of **\$160 million** and is estimated to create **1,000** full time equivalent construction jobs and **2,500** full time equivalent operational jobs.

The project was declared and has been assessed as a Major Project because it is development for the purpose of a residential, commercial or retail project with a capital investment value of more than \$50 million and is of importance in achieving State and regional planning objectives as required under clause 13 of Schedule 1 of State Environmental Planning Policy (Major Projects) 2005 (as in force at the time). Therefore the Minister for Planning and Infrastructure is the approval authority. As Wollongong Council has objected to the proposal the Department will refer the application to the PAC for determination.

The Department exhibited the proposal for a 48 day period from Thursday 13 December 2007 until Thursday 31 January 2008 and received 7 submissions - 4 submissions from public authorities and 3 submissions from public and special interest groups. These submissions raised a number of concerns focusing on the appropriateness of the proposed large format retail tenancies on the Dwyer's site outside of the commercial core zone. Other issues raised relate to built form/urban design, car parking, traffic impact, vehicle access and developer contributions.

The Department has considered the merits of the proposal in accordance with the objects of the *Environmental Planning and Assessment Act 1979* and ecologically sustainable development and taken into consideration the issues raised in submissions. As part of its assessment, the Department commissioned an independent review of the economic impacts of the proposal which has been carried out by Hill PDA. This report has informed the Department's assessment of the application.

The Department has determined that the proposed development is appropriate and fits within the context of the Wollongong City Centre. In particular, the proposed large format retail tenancies are considered acceptable as the site is readily accessible to (and a tangible extension of) the existing retail centre on Crown Street despite its location immediately on the edge of the commercial core. Further, this site affords an opportunity to provide retail services and employment growth to the Wollongong City Centre that have not been provided within the commercial core zone and will strengthen the role of Wollongong as a major Regional City.

It is considered that all issues raised and likely impacts have been addressed in the PPR, the Statement of Commitments and recommended conditions and that the impacts can be suitably mitigated and/or managed to ensure a satisfactory level of environmental performance.

For these reasons the project is, on balance, considered to be in the public interest and it is recommended that the application be approved, subject to conditions.

TABLE OF CONTENTS

1.	BACKGROUND	1
1.1	Site Description	1
1.2	Existing Site Features	1
1.3	Surrounding Development	2
1.4	Surrounding Heritage Items	2
1.5	Previous Approvals	2
2.	PROPOSED PROJECT	4
2.1	Project Description	4
2.2	Preferred Project Report	5
2.3	Need and Justification	6
3.	STATUTORY CONTEXT	8
3.1	Major Project	8
3.2	Permissibility	8
3.3	Environmental Planning Instruments	8
3.4	Objects of the EP&A Act	9
3.5	Ecologically Sustainable Development	9
3.6	Statement of Compliance	9
4.	CONSULTATION AND SUBMISSIONS	10
4.1.	Exhibition	10
4.2.	Public Authority Submissions	10
4.3.	Public Submissions	12
5.	ASSESSMENT	13
5.1	Retail Development Outside the Commercial Core	13
5.2	Built Form	19
5.3	Traffic/Access	23
5.4	Car Parking	27
5.5	Contributions	29
5.6	Other Issues	29
6.	RECOMMENDATION	31
APPENDIX A	ENVIRONMENTAL ASSESSMENT	32
APPENDIX B	SUBMISSIONS	33
APPENDIX C	PROPONENT'S RESPONSE TO SUBMISSIONS	34
APPENDIX D	CONSIDERATION OF ENVIRONMENTAL PLANNING INSTRUMENTS	35
APPENDIX E	INDEPENDENT ECONOMIC IMPACT REPORT (HILL PDA)	42

1. BACKGROUND

1.1 Site Description

The subject site includes 2 separate parcels of land known as:

- The Dwyer's site – located on the east side of Corrimal Street, bounded by Crown Street to the north and Burelli Street to the south (Lot 1 DP 1078311, lot 5 DP 32538, and lot 6 DP 32538).
- The Oxford Tavern site – located to the west side of Corrimal Street, bounded by Crown Street to the north and Burelli Street to the south (Lot B DP 396278 and Lot 10 DP 848550).

The site is located within the Wollongong City Centre (Figures 1 and 2 below) and lies within walking distance of shops and public transport links. Wollongong railway station is approximately 1km west of the site and public bus services operate along Corrimal, Crown and Burelli Streets.

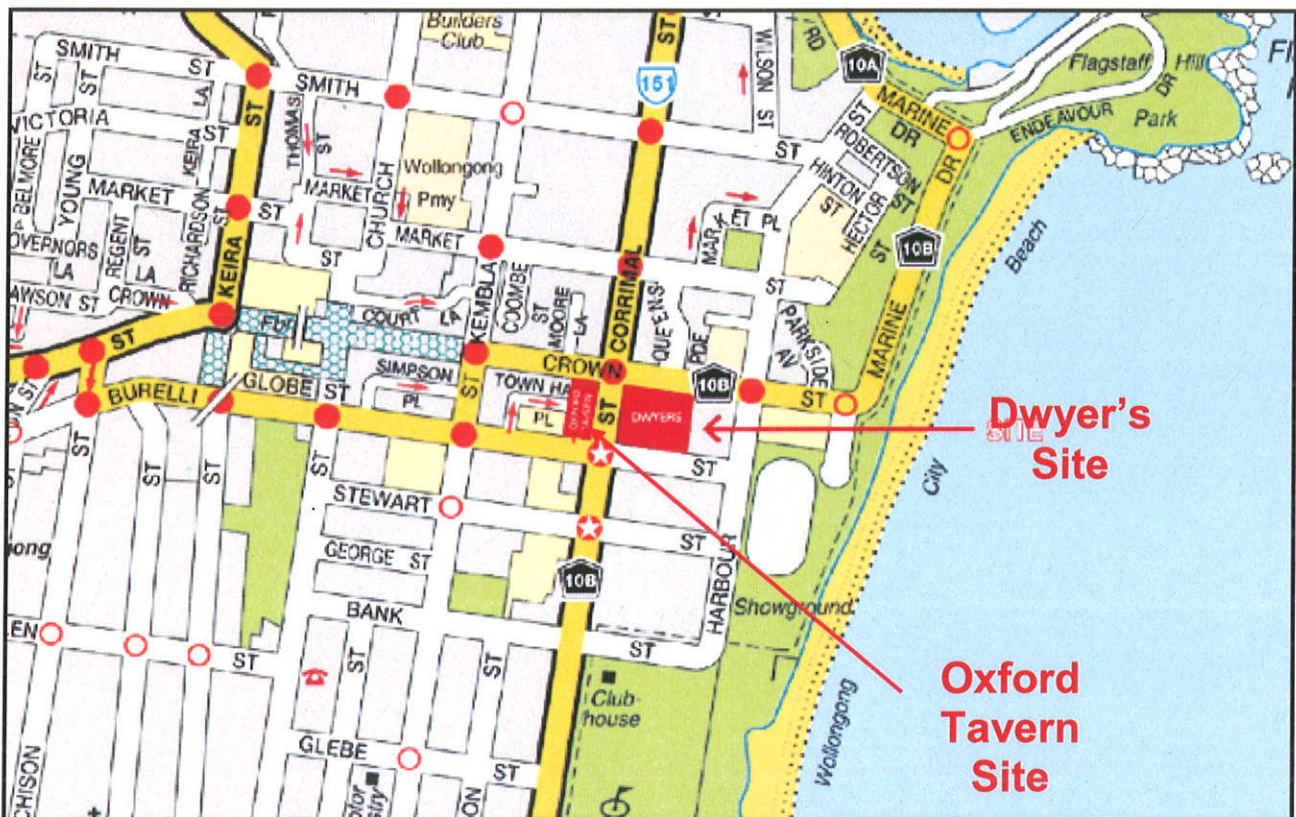


Figure 1: Location

1.2 Existing Site Features

The subject site has a total area of 15,915m² and is made up of 2 separate parcels of land separated by Corrimal Street, Wollongong.

Dwyer's Site (east of Corrimal Street)

The Dwyer's site has an area of 11,795m² and is rectangular in shape with direct frontage to Crown Street (north), Corrimal Street (west) and Burelli Street (south). Vehicle access to the site is available from Crown and Burelli Street. The site was formerly used for a car dealership with associated showrooms, office, car yards and car servicing buildings. All buildings on the site have been demolished and remediation works undertaken with the exception of an existing Salvation Army building.

Oxford Tavern Site

The Oxford Tavern site has an area of 4,120m² and has direct frontage to Crown Street (north) Corrimal Street (east) Town Hall Place laneway (west) and Burelli Street (south). Existing development on the site consists of the Oxford Tavern and associated open car parking area, other retail uses and an unused vehicle repair workshop and canopy.

1.3 Surrounding Development

The surrounding development is characterised by commercial and retail development to the west and south of the site. Lower scale retail and residential developments are to the north and east of the site. Crown Street runs along the northern boundary of the site and spans between the city centre and the beach. Residential flat buildings are situated to east of the Dwyer's site. Further to the east is WIN football stadium and the beach beyond. Figure 2 illustrates the development pattern surrounding the site, including heritage listed buildings.

1.4 Surrounding Heritage Items

A number of locally heritage listed buildings lie in close proximity of the site, including: Comelli Bros Building (48-50 Crown Street), residential flat building (10 Crown Street) and California flats (7-9 Burelli Street).



Figure 2: Site Locations

1.5 Previous Approvals

On 1 August 2005, Council approved DA 2004/1565 for a 7 storey retail and cinema complex on the Dwyer's site. A third party action was lodged with the Land and Environment Court. The Court held that the DA was invalid due to a delegation issue.

On 21 August 2006, Council granted deferred commencement consent to DA 2004/1565 for a 7 storey retail and cinema complex on the Dwyer's site.

- The deferred commencement condition required the development to comply with the setback provisions contained within the draft City Centre Development Control Plan, to relocate all car parking below ground, and to redesign the podium to remove references to any future tower elements.
- A third party application was filed in the Land and Environment Court by GPT Retail Limited seeking a declaration that the development consent granted on 21 August 2006 was void and of no effect. This application was dismissed.
- GPT appealed to the Court of Appeal. The appeal was successful, with an order to “remit the matter to the Land and Environment Court for determination by that Court in accordance with law”. The key findings of the Court were:
 1. That the Council had not given more than passing consideration to the non-compliance with the draft LEP and there was no evidence that the Council had specifically dealt with the issue that major aspects of the development were prohibited by the draft LEP.
 2. The consent had been granted with conditions which required the respondent to address the draft LEP without indicating how, supporting the view that the members of the council had not appreciated the issues requiring determination by them.
 3. The consent purportedly granted by the council did not constitute a valid consent to the development application because the conditions imposed would likely result in the development ultimately undertaken pursuant to the consent being significantly different from the development contained in the application.

2. PROPOSED PROJECT

2.1 Project Description

The key components of the project are summarised in the table below. The project is described in full in the Proponent's EA, which is attached as Appendix A.

Aspect	Description
General	This proposal seeks Concept Plan and part Project Approval for a mixed use development across the Dwyer's and Oxford Tavern sites which will comprise: • a new 5 level entertainment and leisure retail centre on the Dwyer's site (Stage 1 Project Application); • development of an 8 level hotel, conference and restaurant facility above the Stage 1 podium (Stage 2); and • development of the Oxford Tavern site including a 14 storey building comprising a podium containing retail, cafes, relocated tavern and offices with separate residential and office towers above the podium (Stage 3)
Concept Plan	Aspects for which the concept approval is sought include: • land use; • overall built form envelope including maximum height and FSR; • car parking numbers and general layout; • access arrangements; and • development staging.
Stage 1 – Project Application <u>Dwyer's Site</u>	Five storey mixed use entertainment and leisure retail centre including: • retail (DDS, supermarket, mini-major and specialty shops); • commercial offices; • restaurants; • cinema complex; and • 4 levels of basement parking providing 1,052 car parking spaces.
Stage 2 - Concept Plan <u>Dwyer's Site</u>	• 7 level, 210 room hotel with restaurant level above (13 storeys when considered in total above the 5 storey podium), landscaped podium area and swimming pool. • Conversion of level 5 (top level of Stage 1 development) to conference facility (proposed to be constructed above the Stage 1 podium).
Stage 3 - Concept Plan <u>Oxford Tavern Site</u>	A 14 storey building comprising: • a 3 level podium containing retail space and the relocated tavern space at the ground level offices in the upper two levels; • an 8 level commercial office tower above the podium; • a separate 11 level residential tower above the podium containing 55 apartments; and • 4 levels of basement parking for 369 car spaces.
Employment:	• Construction: approximately 1,000 • Operational: approximately 2,500
Capital Investment Value	\$160 million

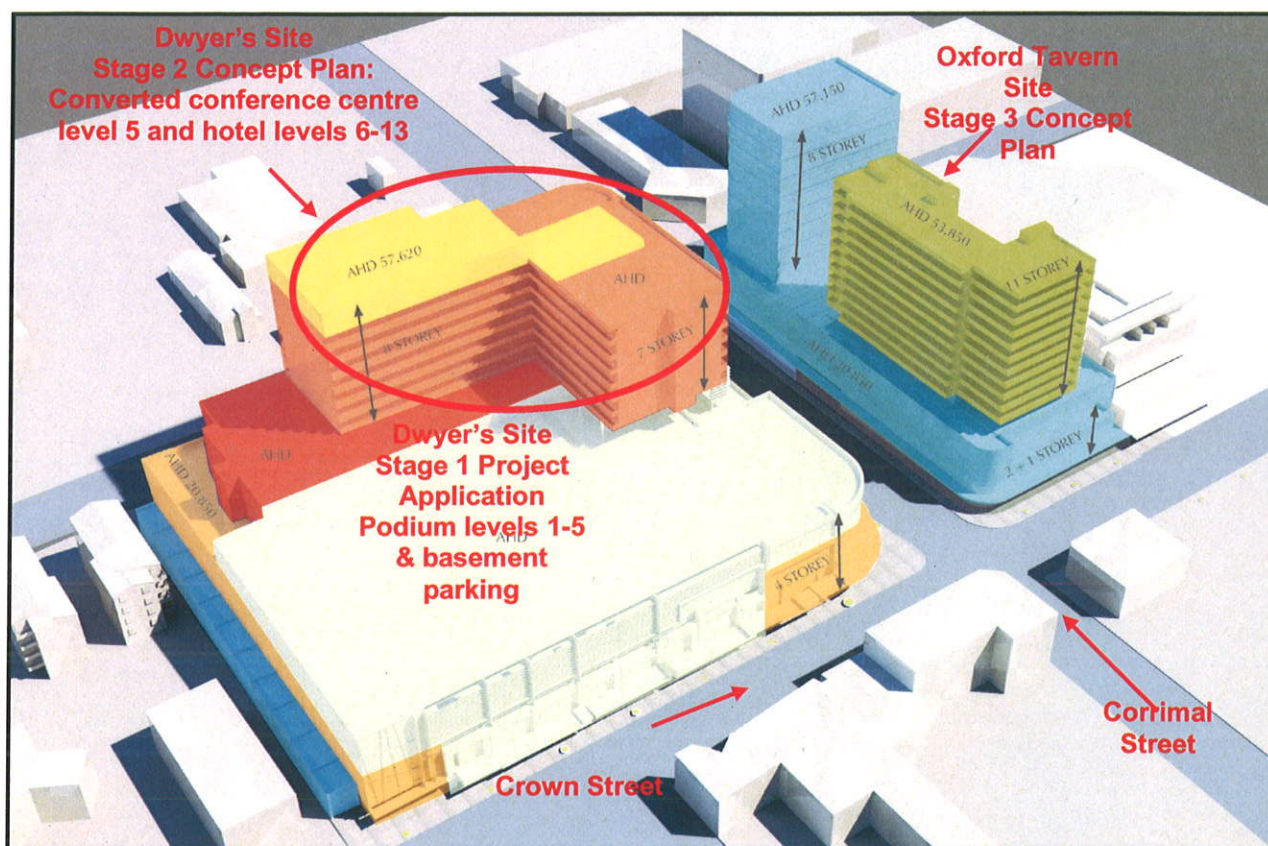


Figure 3. Building layout for the proposed development

2.2 Preferred Project Report

On 7 September 2010, the Proponent submitted a PPR in response to various agency and public submissions. On 30 November 2010, further information was provided that clearly set out the various amendments to the proposal. Additional information was provided on 3 March 2011 which provided further clarification of the economic impact of the proposal and the contamination/remediation issues associated with the Oxford tavern site. The PPR makes the following amendments:

Dwyer's Site

- The western end of the podium has been setback by 3.5 – 3.7 metres from the western site boundary (along Corrimal Street) to accommodate the road widening of Corrimal Street.
- The south western corner of the Stage 2 hotel component above the podium level realigned further toward the corner Burelli and Corrimal Streets to better define this corner and align with the podium.
- Greater articulation of the podium façade at the corner of Crown Street and Corrimal Street.
- Alterations to the porte-cochere (hotel drop off) to accommodate a 2 metre footpath between the roadway and the building line.

Oxford Tavern Site

- The upper level of the podium element at the corner of Crown Street and Corrimal Street has been realigned toward the northern boundary by 3.6 metres to better align with the lower levels.
- Removal of the proposed internal retail arcade on the Oxford site and relocation of the residential and commercial foyer further north.
- Widening of Town Hall Place to facilitate manoeuvring at the intersection with Burelli Street and the inclusion of a footpath along the eastern side of Town Hall Place for the length of the site. These changes result in a change to the built form at each level in the south-west corner.
- Increased loading dock manoeuvring.

General Amendments

Infrastructure upgrades including:

- Relocation /reinstatement of existing signage and bus stop furniture on Burelli Street.
- Works to upgrade the Corrimal/Burelli Streets intersection including dedicated north and south bound right hand turning lanes on Corrimal Street.
- Widening of Burelli Street/Town Hall Place intersection with pedestrian footpath along the eastern side and traffic island.

In addition to the above amendments, the PPR provided:

- Further investigation of traffic generation rates, traffic modelling, vehicular access points (including turning movement diagrams) and servicing arrangements.
- Further investigation regarding the appropriateness of the footpath width adjacent to the proposed hotel lobby.

2.3 Need and Justification

NSW State Plan

The NSW State Plan seeks to achieve improved urban environments and deliver attractive and sustainable development through reductions in greenhouse gas emissions and development in close proximity to existing centres, services and transport. The proposal is consistent with the NSW State Plan 2010, including:

- *Increased business investment and support jobs.* The proposal provides additional investment of \$160 million within the Illawarra Region that will assist in providing additional employment to the area and reinforce the role of Wollongong as the main regional city in the Illawarra region.
- *Increase the number of jobs closer to home.* The proposal will facilitate an estimated 2500 (FTE) operational jobs plus an estimated 1000 (FTE) construction jobs within the Wollongong City Centre. In addition it will provide for 55 dwellings within the Wollongong City Centre.

Illawarra Regional Strategy

The Illawarra Regional Strategy (IRS) aims to secure the region's future prosperity by identifying the land resources necessary to cater for future employment and housing needs. The IRS sets housing and employment targets for the region at 38,000 dwellings and 30,000 new jobs by the year 2031.

The IRS identifies Wollongong as the largest centre in the Illawarra Region, being a Regional City that provides higher order administration and health services, cultural and recreational facilities and higher density commercial and residential development for the region. It also identifies Wollongong as having a commercial centre focus with large retail and commercial floor area, including department stores. The IRS states that "Wollongong will continue being developed as an internationally competitive regional city by providing:

- major employment and retail opportunities;
- a centre of government;
- lifestyle, entertainment and tourism facilities;
- high density residential development; and
- good accessibility to the city centre."

The proposal will strengthen the role of Wollongong as the main regional centre in the Illawarra Region by providing additional retail and commercial services within the City Centre. It will also contribute toward regional housing and employment targets and provide a range of land uses consistent with those identified by the IRS.

Wollongong City Centre Plan

The Plan identifies the Wollongong City Centre as a vibrant centre for jobs, key regional services, cultural activity, entertainment and tourism. The key vision for the Wollongong City Centre is:

- increasing economic diversity in the City;
- grow jobs in the heart of the City Centre;
- create a living city by encouraging mixed use development that complements the centre's core employment role;
- enhance transport links to and from the city;
- ensure high quality design of buildings and public areas;
- revitalising the Crown Street mall;
- improve the natural environment;
- encourage diverse precincts around the city centre; and
- improving the foreshore.

The City Centre Plan refines the Regional Strategy targets through the provision of an additional 10,000 jobs and 6,000 dwellings for the City Centre by 2031.

The proposal will facilitate an estimated 2500 (FTE) operational jobs plus an estimated 1000 (FTE) construction jobs within the Wollongong City Centre. In addition it will provide for 55 dwellings within the Wollongong City Centre. This will assist in contributing to the identified dwelling and employment capacity targets for the Illawarra region and assist in revitalising the Wollongong City Centre.

3. STATUTORY CONTEXT

3.1 Major Project

The project was declared and has been assessed as a Major Project because it is development for the purpose of a residential, commercial or retail project with a Capital Investment Value of more than \$50 million and is of importance in achieving State and regional planning objectives as required under clause 13 of Schedule 1 of State Environmental Planning Policy (Major Projects) 2005 (as in force at the time). Therefore the Minister for Planning and Infrastructure is the approval authority.

On 28 May 2011, the Minister for Planning and Infrastructure delegated responsibility for the determination of Concept Plans and Project Applications under Part 3A of the *Environmental Planning and Assessment Act 1979* to the Planning Assessment Commission for private sector projects where there are greater than 25 submissions and/or the local council objects. As Wollongong Council has objected to the proposal, it must be determined by the PAC.

3.2 Permissibility

The WCC LEP 2007 identifies the following zones:

- Oxford Tavern site (Stage 3) B3 Commercial Core zone; and
- Dwyer's site (Stages 1 and 2) B4 Mixed Use (City Edge) zone.

An extract of the zoning map is provided below. The Commercial Core zone allows for a diversity of commercial, retail, cultural, entertainment, tourism and residential uses. The proposal on the Oxford Tavern site is permissible in the zone.

The B4 Mixed Use or (City Edge) zone allows for a diversity of commercial, retail, cultural, entertainment, tourism and residential uses. The proposed uses on the Dwyer's site are permissible in the zone, with the exception of the large format retail spaces. The LEP prohibits retail tenancies in excess of 400m². Stage 1 of the proposal includes 4 retail tenancies each with a floor space in excess of 400m².

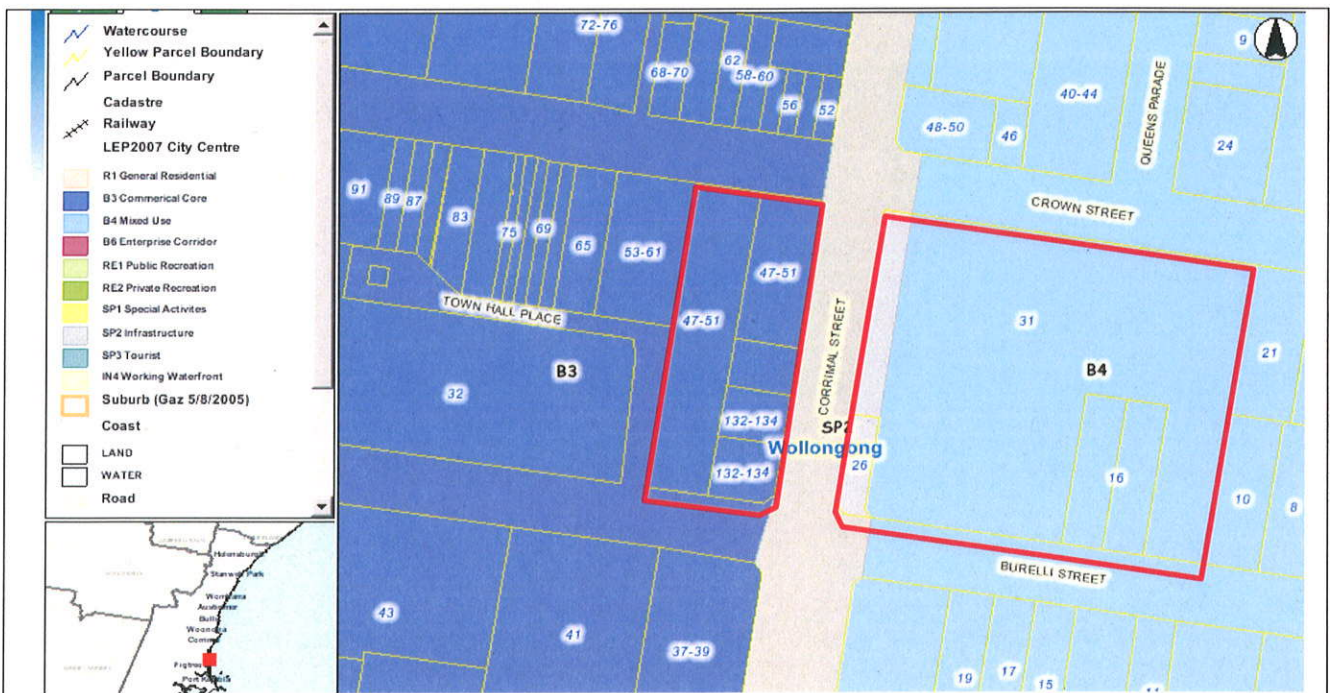


Figure 4 - Zoning Map – WCCLEP 2007

3.3 Environmental Planning Instruments

The Department's consideration of relevant SEPPs and EPIs is provided in Appendix D.

3.4 Objects of the EP&A Act

Decisions made under the EP&A Act must have regard to the objects of the Act, as set out in Section 5 of the Act. The relevant objects are:

- (a) *to encourage:*
 - (i) *the proper management, development and conservation of natural and artificial resources, including agricultural land, natural areas, forests, minerals, water, cities, towns and villages for the purpose of promoting the social and economic welfare of the community and a better environment,*
 - (ii) *the promotion and co-ordination of the orderly and economic use and development of land,*
 - (iii) *the protection, provision and co-ordination of communication and utility services,*
 - (iv) *the provision of land for public purposes,*
 - (v) *the provision and co-ordination of community services and facilities, and*
 - (vi) *the protection of the environment, including the protection and conservation of native animals and plants, including threatened species, populations and ecological communities, and their habitats, and*
 - (vii) *ecologically sustainable development, and*
 - (viii) *the provision and maintenance of affordable housing, and*
- (b) *to promote the sharing of the responsibility for environmental planning between the different levels of government in the State, and*
- (c) *to provide increased opportunity for public involvement and participation in environmental planning and assessment.*

The Department has considered the Objects of the Act, including the encouragement of ESD in the assessment of the application. The project does not raise significant issues with regards to the Objects of the Act.

3.5 Ecologically Sustainable Development

The EP&A Act adopts the definition of Ecologically Sustainable Development (ESD) found in the *Protection of the Environment Administration Act 1991*. Section 6(2) of that Act states that ESD requires the effective integration of economic and environmental considerations in decision-making processes and that ESD can be achieved through the implementation of:

- (a) *the precautionary principle,*
- (b) *inter-generational equity,*
- (c) *conservation of biological diversity and ecological integrity,*
- (d) *improved valuation, pricing and incentive mechanisms.*

The project is consistent with the key principles of the ESD. A further detailed assessment against ESD Principles is at Appendix D.

3.6 Statement of Compliance

In accordance with section 75I of the EP&A Act, the Department is satisfied that the Director-General's environmental assessment requirements have been complied with.

4. CONSULTATION AND SUBMISSIONS

4.1. Exhibition

Under section 75H(3) of the EP&A Act, the Director-General is required to make the environmental assessment (EA) of an application publicly available for at least 30 days. After accepting the EA, the Department publicly exhibited the proposal from 13 December 2007 to 31 January 2008 (total of 48 days) on the Department's website, the Department's Information Centre, the Department's Wollongong Office and at Wollongong City Council Offices. The Department also advertised the public exhibition in the Illawarra Mercury and the Corrimal Northern Leader newspapers and notified nearby landholders and relevant State agencies and Wollongong City Council in writing.

The Application; Director-General's environmental assessment requirements; Environmental Assessment; and Response to issues raised in submissions (in Preferred Project Report) were placed on the Department's Website. This satisfies the requirements in Section 75H (3) of the EP&A Act.

The Department received 7 submissions during the exhibition of the EA - submissions from 4 public authorities and 3 submissions from the public and special interest groups (including nearby retailer GPT).

Since the exhibition of the EA, the Proponent has been in discussion with the RTA in order to resolve the concerns raised below. On 11 August 2010, the RTA confirmed (as detailed below) that their original concerns had been resolved and provided general terms of approval. On 7 September 2010, the Proponent submitted the PPR for final assessment.

The Department received a further 4 submissions after the submission of the PPR – a further submission from Council and also from Transport NSW, and 2 submissions from the public and special interest groups (including a further submission in the form of two separate letters on behalf of nearby retailer GPT).

4.2. Public Authority Submissions

Four public authorities provided submissions in respect of the application.

The **Roads and Traffic Authority** provided two submissions in respect of the proposal. The original submission raised issues regarding vehicular access, traffic generation and pedestrian safety.

The second submission was provided after additional information was provided including further modelling and proposed infrastructure upgrades. The submission confirmed that the RTA had reviewed the additional analysis and amended plans provided by the Proponent and raised no objection to the proposal subject to the following general terms of approval:

- No direct vehicular access to Corrimal Street.
- Upgrade of intersection of Corrimal Street and Burelli Street to include southbound right turn bay on Corrimal Street whilst maintaining two through lanes in either direction.
- Pedestrian fence being installed along the kerb of Corrimal Street between Burelli Street and Crown Street.
- Design of the Burelli Street/Town Hall Place intersection shall be to the satisfaction of Council.
- A pedestrian footpath shall be provided along Town Hall Place as conceptually shown in the Parsons Brinkerhoff Design to the satisfaction of Council.
- Retail parking spaces shall be paid parking spaces.

The above conditions are recommended to be imposed on the concept plan approval and the project approval as appropriate. A specific condition is recommended to be imposed to ensure that no structures are built within the Corrimal Street road reserve (and that these changes are

reflected in the project approval plans). Further details of infrastructure changes are to be provided with future applications. The Porte Cochere on Burelli Street is suitable for light vehicle access only and will be signposted accordingly.

Wollongong City Council provided three submissions in respect of the proposal. The **first two submissions** stated that the Council oppose the proposed retail premises with floor areas greater than 400m² in the B4 Mixed Use Zone and raised concerns regarding the following issues:

- Retail hierarchy within Wollongong City Centre.
- The plans incorrectly show the boundaries of the site (Corrimal Street and Town Hall Place).
- Adherence to the design excellence requirements of the WCC LEP 2007.
- Compliance with the relevant state and local planning policies.
- Traffic, car parking, vehicular and pedestrian access, and public transport.
- Design and heritage issues.
- Site contamination.

The **third submission** (in response to PPR) maintained significant opposition to retail premises with floor areas greater than 400m² in the B4 Mixed Use Zone and raised the following issues:

- Lack of active street frontage.
- Council's Section 94A Development Contributions Plan should be applied.
- Heritage issues with the Oxford Hotel.
- Traffic.
- Stormwater Management.
- Site Contamination.
- Need for an architectural design competition as per the design excellence requirements of the WCC LEP 2007.
- Crime Prevention Through Design.

The proponent has provided additional information and revised plans addressing Council's specific concerns regarding the property boundaries and the encroachment of the proposed development within the road reserve areas of Corrimal Street and Town Hall Place. Additional assessment and design modifications in relation to pedestrian and vehicular access to the proposed development sites were provided in the revised PPR. Issues such as Section 94A contributions, design excellence requirements for future applications, contamination and stormwater management have been considered and can be addressed by condition as relevant to each stage. Other key matters such as the appropriateness of the proposed large format retail tenancies on the Dwyer's site are discussed in the report below.

The **Heritage Council of NSW** considers that the EA and HIS satisfactorily addressed the likely impacts of the proposal, however recommended that a condition to effectively manage any unidentified archaeological deposits identified during project works should be imposed on the consent. A condition will be imposed on the project approval consent.

Transport NSW provided a submission in response to the PPR, making the following points:

- The proposal includes a significant component of car parking in a location that is accessible to public transport;
- The opportunity to reduce car parking on-site should be explored as part of a workplace travel plan (WTP);
- A travel access guide (TAG) should be prepared and made available to workers and visitors to the site; and
- End of trip facilities such as bike parking and showers should be provided for employees.

The issues raised by Transport NSW are discussed in Section 5.3 below and are further addressed in the recommended conditions of approval.

4.3. Public Submissions

A total of 5 submissions were received from the public. This includes 3 submissions prepared on behalf of nearby retailer, GPT. The submissions raise various issues such as:

- The site is predominantly located outside the B3 Commercial Core zone and is inappropriately located having regard to the intensity of retail development proposed. The Dwyer's portion of the site should not be redeveloped as if it was part of the retail core.
- The proposed large scale retail uses on the Dwyer's site are prohibited in the zone and is inconsistent with zone objectives and Wollongong DCP.
- The proposal is inconsistent with key City Centre strategic planning initiatives, the City Centre Revitalisation Strategy and City Centre Vision and with key state and regional planning policies and initiatives, including the Illawarra Regional Strategy and the Illawarra Regional Environmental Plan.
- The proposal will undermine investment confidence and certainty in the commercial core and is likely to result in the removal of cinemas from the commercial core.
- The economic impacts require further analysis and are unacceptable.
- The FSR and building height of the proposal are excessive.
- The car parking requirements have been incorrectly calculated and provision is inadequate.
- The traffic impacts of the proposal have not been adequately assessed or addressed.
- The proposal is not in the public interest.

The Department has considered the issues raised in submissions in its assessment of the project.

5. ASSESSMENT

The Department considers the key issues for the project to be:

- Retail Development outside the Commercial Core
- Built Form
- Traffic/Access
- Car Parking
- Contributions

5.1 Retail Development Outside the Commercial Core

A key issue for the proposal is both the appropriateness of the edge of centre location of the proposed large format retail floorspace on the Dwyer's site and how it impacts on the vitality of the commercial core of the Wollongong City Centre.

The Stage 1 (Dwyer's site podium) proposal includes four retail tenancies that each exceed 400m² and are therefore prohibited by WCC LEP 2007. The 4 tenancies include:

- a major discount department store (DDS) at Level 2 (5,390m²);
- supermarket at ground floor (3,760m²),
- a mini-major liquor store at basement level 1 (1,232m²); and
- a mini-major at level 3 (802m²).

Submissions from Wollongong City Council and the public (including submission on behalf of retailer GPT) have raised specific concern with this aspect of the proposed development. In particular, Council's submission raises opposition to the intensity of retail development for the site. It highlights that the large retail tenancies in excess of 400m² are prohibited in the B4 Mixed Use zone by the WCC LEP 2007, which instead seeks to concentrate retail development in the Commercial Core zone and improve linkages with Wollongong Railway Station further to the west. Council's concern with this aspect of the development is that it may undermine the retail focus of the core and shift activity away from the railway station and the mall areas. Ultimately, Council disagrees with the Proponent's Economic Impact Assessment and considers that the proposal will not complement the viability of the commercial core and will have adverse economic impacts.

5.1.1 Proponent's Justification

The application was accompanied by an Economic Impact Assessment report (EIA) prepared by Leyshon Consulting, and updated in March 2011. The EIA concludes that the retail impact of the proposal will provide a net gain in retail spending for the Wollongong City Centre. More specifically this will involve a redistribution of retail sales within the Wollongong City Centre, however this impact will "be acceptable and indeed, even advantageous for the longer term health and vitality for the Wollongong City Centre". The EIA highlights the following key arguments:

- The proposed development will rectify a number of identified deficiencies in the Wollongong City Centre retail mix, particularly:
 - lack of any DDS;
 - inadequate representation of supermarkets; and
 - no contemporary, large scale cinema complex.
- The EIA projects the growth of available retail spending for the trade area over the period 2006-2021, estimating that this will generate a net demand for 100,000m² of additional retail floorspace in the Wollongong trade area over this time. The proposed development could achieve annual sales in its first year of trading (assuming 2013) of \$138.4 million. A total of \$17.4 million (12.5%) of this turnover would be derived from outside the Wollongong trade area.

- The proposed retail and entertainment component of the proposal will attract more spending to the Wollongong City Centre. There will be a net increase in retail spending in the Wollongong City Centre (including the Dwyer's site) in the order of \$101.4 million (additional 24.9% retail trade) in the first year of trading (2013).
- Essentially the retail impact within the Wollongong City Centre (including the Dwyer's Site) will involve a redistribution of retail sales. The impact analysis indicates an average reduction in retail spending in the existing Wollongong City Centre of -9.1% in the first year of trading (2013), which is categorised as low/medium impact. More specifically:
 - the impact on the existing Wollongong Central shopping centre is estimated to be a reduction in retail spending of -13.6% in the first year of trading (2013); and
 - the impact on the balance of the WCC is estimated to be a reduction in retail spending of -5.1%, in the first year of trading (2013).
- This reduction however would not threaten the overall viability of the Wollongong Central shopping centre or the wider WCC. The pre-development sales levels will have been recovered in the WCC by 2016 and in Wollongong Central Shopping Centre by 2021.
- It estimates that up to \$10 million in retail spending in the Wollongong City Centre will be captured as a result of the make up of the proposal (that includes a DDS, supermarket and cinemas with other specialties) via a reduction in the level of escape retail spending currently flowing out of the area to centres elsewhere particularly in the Sydney region.

5.1.2 Independent Economic Assessment

The Department commissioned an independent review of the updated EIA prepared by Leyshon Consulting for the proposal. An independent economic assessment was prepared as part of this process. The independent peer review and economic assessment was completed by Hill PDA (Appendix E) on 28 July 2011.

The Hill PDA review considered the findings and conclusions of the EIA to be reasonable, despite some disagreement on the methodology and approach taken in the EIA. In undertaking its own economic impact assessment, Hill PDA forecast comparable impacts to the Leyshon EIA in terms of the shift in spending of Wollongong Central (13.5% reduction in trade in 2013 compared with 13.6%) however forecasts a greater figure for the WCC balance (12.2% reduction in trade in 2013 compared with 5.4%). Notwithstanding this difference, the Hill PDA report agreed with the Proponent's submission that the WCC has the ability to absorb the forecast impacts without adversely impacting upon its role.

Further, it noted that when the proposed development is viewed in conjunction with the WCC, this centre will capture a greater amount of overall retail expenditure and the retail services offered in the WCC will be enhanced significantly.

The Hill PDA report was supportive of the proposed development. It identified the following key issues in its assessment:

Retail Offer

The proposal will be beneficial to the Wollongong City Centre as it will enhance the range of retail services and facilities that are currently lacking in the WCC by introducing a multiplex cinema and DDS. These services should be encouraged in order to diversify the retail services in the regional centre and to better serve local residents.

Location

The site location would anchor the eastern end of the CBD, reinforce the main street theme along Crown Street and better relate the CBD with the entertainment precinct and the beach to the east. Although the site is not as well integrated with public transport when compared to land in the commercial core immediately to the west, it is likely to be less problematic in terms of traffic impacts when compared to the west end of the CBD, which would also be difficult to develop with such a mix of uses because of the fragmented ownership of sites (with the exception of the existing Wollongong Central Shopping Centre, as approved to be expanded).

Availability of Sites

There is a lack of suitable sites capable of accommodating development of the scale and nature proposed within the commercial core. Hill PDA have identified that apart from the existing Wollongong Central site, only a limited supply of sites exist within the commercial core. These sites lacked main street exposure and were likely to have associated traffic and parking issues. Notwithstanding the zoning of the site, Hill PDA considers that it provides a better site upon which to meet the objectives of planning policy in regards to the WCC.

Sustainability of Retail Development

The approved expansion of the Wollongong Central Shopping Centre (should it be developed) at the western end of the Crown Street Mall and the proposed development can be sustained in retail terms in the Wollongong CBD. This model of eastern and western retail anchors is an attractive retail model. On the other hand, should the proposal be refused and the approved retail development (described below) not go ahead, the retail role of the WCC will stagnate which is viewed as the worst possible outcome.

The report concludes by stating that Hill PDA did not agree with the view that refusal of the application is warranted on economic impact grounds.

5.1.3 Department's Assessment

The Department has considered the appropriateness of the proposed retail floorspace on the edge of the commercial core as defined by the WCC LEP 2007. The Department considers that the following two aspects are fundamental to the consideration of this issue:

- Assessment against the Department's Draft Activity Centres Policy.
- Impact on the existing commercial core.

Draft Activity Centres Policy

The Department has a long-standing policy to locate retail development within or adjacent to existing, expanding or emerging centres to ensure the most efficient use of infrastructure, transport and proximity to labour markets. The Department released a draft policy on this issue in April 2009 known as the Draft Activity Centres Policy, which is currently being finalised.

The Draft Activity Centres Policy gives preference to commercial and retail development in existing or planned activity centres rather than new out-of-centre or edge-of-centre locations. However in the absence of the availability of suitable sites within centres to accommodate demand for retail services, alternative edge-of-centre or out-of-centre sites can be considered subject to an assessment of site suitability. Therefore the policy provides a two step process for the assessment of edge-of-centre or out-of-centre proposals which firstly involves a review of the availability of suitable sites, and secondly an assessment against site suitability criteria.

Availability of Suitable Sites

A review of the availability of suitable sites within the Wollongong commercial core indicates that there are limited opportunities to accommodate a development of the scale proposed on any single site within the commercial core zone. The independent Hill PDA report has examined this issue and supports this view. The commercial core area has an established built up city centre character with a prevailing small-lot subdivision character. The few larger lots in the commercial core presently accommodate established retail uses (such as a stand alone Woolworths outlet) and larger commercial buildings, or lack main street frontage.

On 28 April 2008, the then Minister for Planning approved Concept Plan (MP 06_0335) and part Project Application (MP 06_0209) for the redevelopment and expansion of Wollongong Central shopping centre which includes a DDS and a full line supermarket. This represents an opportunity to provide additional retail services similar to those proposed in the Wollongong commercial core zone.

To date however this approval has not been acted upon, despite the existing centre being refurbished in 2009. It remains unknown and uncertain as to whether this development will be

realised. As such the Department considers that at present there is limited certainty as to whether demand for additional retail services will be accommodated within the existing commercial core. Notwithstanding the above, if the approved expansion of the Wollongong Central shopping centre is realised in the future, the Hill PDA review prepared for the Department indicates that this development is unlikely to render the proposed Dwyer's site retail development unviable. From this, the Department considers that both retail developments can reasonably co-exist in the Wollongong City Centre as both centres have the potential to attract sufficient retail spending to be viable.

The absence of any available alternative sites suitable for development for the type of retail development proposed within the existing centre provides solid ground for consideration of an edge-of-centre site such as the Dwyer's site.

Site Suitability

The Draft Activity Centres Policy provides site suitability criteria for consideration of the merits of edge-of-centre or out-of-centre sites. These are considered as follows:

- (a) *Strategy consistent:* The aims and objectives of the relevant regional and local planning strategies, including the Illawarra Regional Strategy, WCC LEP 2007 and Wollongong City Centre Plan 2007 seek to promote the economic revitalisation of the Wollongong City Centre and to strengthen the regional position of the Wollongong City Centre as a centre of employment and economic growth.

The site's immediate edge-of-centre position is considered to be a desirable location for the proposed large format retail development when considered against the possibility of locating such development at a greater distance from the Wollongong City Centre, as the proposed retail component will attract retail activity into the Wollongong City Centre.

The proposed large format retail development will provide additional retail services for the Wollongong City Centre and strengthen the role of Wollongong as a Regional City, as identified in the Illawarra Regional Strategy and the WCC LEP 2007. This aspect of the proposal contributes to the objectives of the Illawarra Regional Strategy and the Wollongong City Centre Plan in that it would provide a net increase of (retail and cinema related) employment estimated to be in the order of 335 full time and 391 part time jobs in the Wollongong City Centre (as estimated by the Leyshon EIA).

- (b) *Infrastructure:* Submissions from key agencies confirm that there is sufficient infrastructure capacity to support the proposed development. Traffic /road infrastructure is to be upgraded as required by the RTA as discussed in Section 5.3 below.
- (c) *Access considerations:* Given the proximity to the main north-south arterial road (Corrimal Street), the site is considered appropriately located in terms of access to transport corridors for employees, customers and suppliers. The Dwyer's site abuts the eastern boundary of the commercial core zone and forms an eastern extension to Crown Street which is the main retail spine within the Wollongong City Centre. The eastern end of the Crown Street Mall is approximately 250 metres from the site. The Department considers that this distance will allow for ease of pedestrian/shopper access along Crown Street between the existing and proposed retail activity centres and will encourage increased pedestrian activity along Crown Street.

Further, the site is in an accessible location to public transport, with free bus services along Burelli and Corrimal Streets connecting to key locations such as Wollongong University Campus and also Wollongong Railway Station, located approximately 1 kilometre to the west of the site. The railway station can also be accessed by walking along Crown or Burelli Streets (as both are relatively flat).

- (d) *Urban design opportunities:* The proposed development is able to integrate with the form of the multi-storey commercial and residential development adjacent to the site without unreasonably impacting on the amenity of the area. The retail development would attract

activity and assist in the revitalisation of the eastern end of Crown Street through the largely activated street front with alfresco dining and widened footpath.

- (e) *Competing land uses:* The site is zoned for a mix of uses which allows for each of the uses currently proposed on the site (however not the scale of retail development proposed). Overall, the project provides a wide range of proposed land uses being residential, retail, commercial hotel and entertainment uses which will assist in the delivery of job and housing related strategic targets for the Wollongong City Centre.
- (f) *Proximity to labour markets:* The Dwyer's site is centrally located within the Wollongong City Centre immediately on the edge of the existing commercial core and will provide jobs in a central location within close proximity to transport services
- (g) *Environmental considerations:* The Dwyer's site is not affected by any known environmental hazards. Remediation of the site has previously been completed, having already been approved as part of an earlier consent for the demolition of the buildings on the site.
- (h) *Public benefit considerations:* The Dwyer's site has an area of approximately 11,800m². This large size and the fact that the site is largely undeveloped creates a unique opportunity for development of large format retail services currently identified as either under-represented or not represented within the existing commercial core. The Dwyer's site provides a desirable location for the proposed large format retail development when considered against the possibility of locating such development outside the Wollongong City Centre, as the proposed retail component will attract retail activity into the Wollongong City Centre and ultimately provide additional retail competition and choice within a focused geographic area. This competitive retail outcome is supported by the draft Competition SEPP.

The Hill PDA independent review of the economic impacts of the proposal also examined the draft Activity Centres Policy. It considers that the proposed development is consistent with the Draft Policy for the following reasons:

- the site should be considered as forming part of the WCC given that it is well related to the existing retail area along Crown Street;
- it would ensure competition within the retail market; and
- it would increase pedestrian movement along Crown Street through the centre.

Impact on the Existing Commercial Core

It is not the role of the planning system to regulate competition, however the Department does need to consider the impact of the proposed retail development on the commercial core of the City Centre.

In April 2010, the draft Competition SEPP was placed on exhibition which aims to promote economic growth and competition and to remove ant-competitive barriers in environmental planning and assessment. It clarifies the existing view that competition between individual businesses is not in itself a relevant planning consideration. The independent review carried out by Hill PDA also identified this and notes that the draft Competition SEPP specifically proposes:

- The commercial viability of a proposed development may not be taken into consideration by a consent authority when determining development applications;
- The likely impact of a proposed development on the commercial viability of other individual businesses may not be considered unless the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself.
- Any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

The Department has analysed the economic impacts of the proposal having regard to the above points. In its review of the Economic Impact Analysis, the Department considers that it has

demonstrated that the proposal is unlikely to have an overall adverse impact on the commercial core, noting the following:

- The Hill PDA independent economic assessment forecasts an increase in \$300 million in retail expenditure within the Wollongong statistical division between 2009 and 2013.
- Overall the Leyshon EIA forecasts that the proposed retail development would bring an additional \$101 million of retail turnover in its first year of trading (2013) into the Wollongong City Centre. This is a 24.9% increase in total retail sales for the Wollongong City Centre.
- A portion (the Leyshon EIA estimates up to \$10 million) of the additional retail sales will occur as a result of the reduction in the level of escape spending currently flowing out of the trade area to centres elsewhere particularly those in the Sydney region.
- The Leyshon EIA projects that should the Wollongong Central Shopping Centre site be expanded as approved (assumed in 2016), there will be a reduced spending impact to Dwyer's retail development however it is likely to remain viable.
- The Hill PDA report agreed with the Leyshon EIA in its finding that the Wollongong City Centre has the ability to absorb the redistribution spending impacts without adversely impacting upon its role.
- The Hill PDA report states that the proposal will capture a greater amount of retail expenditure overall and the retail offer to the centre will be enhanced significantly.

The Department considers that the role of Wollongong as a Regional Centre and the overall increase of net retail activity created by the proposal is a greater consideration than the above indicated moderate redistribution of spending impacts within the Wollongong City Centre.

Further, the Department considers that the figures provided in the EIA give an indication of the likely retail impacts in the first year of trading. It is generally held that this immediate impact (in dollar terms) is lessened as the available retail spending grows over time. In support of this, the Leyshon EIA has projected that over the next ten years (2011-2021 period), available retail spending in the Wollongong trade area would increase in real terms by 18.6% (\$544.8 million). This is both as a result of population growth and per capita spending growth. Additionally this general retail spending growth would generate demand for approximately 100,000m² of additional retail floorspace in the Wollongong trade area. This demand may be in part accommodated by the proposed retail development of the Dwyer's site, and also the approved expansion of the Wollongong Central shopping centre, should it proceed.

The Department has examined all relevant information in relation to the impact of the development on the impacts to the retail function of the existing commercial core and on balance considers that this has adequately addressed this issue. The Department considers that the proposed retail development is appropriately accommodated on the immediate edge of the Wollongong City Centre commercial core and provides a unique opportunity to add to the range of existing retail services within the Wollongong City Centre. Further, its immediate edge-of-centre location does not discount the practical likelihood that once developed it will operate as a natural extension of the existing commercial core given the ease of access along Crown Street.

5.1.4 Conclusion

Despite the site's location on the immediate edge of the defined commercial core zone, it is readily accessible to, and is considered a tangible extension of the existing retail centre on Crown Street. The Department considers that this site affords an opportunity to provide retail services and employment growth to the Wollongong City Centre that has not been provided elsewhere within the commercial core.

The Department is of the view that the proposed large format retail tenancies are acceptable as this will have a net benefit to the community in that it will promote economic growth and strengthen the role of Wollongong as a major regional centre. This is compatible with the aims of the WCC

LEP 2007, the Wollongong City Centre Plan and the Illawarra Regional Strategy. This view is supported by the independent review and economic impact assessment undertaken by Hill PDA.

5.2 Built Form

A number of concerns were raised by the Council and public submissions in relation to the proposed built form of the development. Key issues raised relating to built form / urban design include:

- Bulk and Scale
- Height
- Active Street Fronts
- Building Separation
- Design Excellence
- Stage 1 component
- Heritage

Bulk and Scale

The proponent has lodged a total of three development options with a preferred option and has stated that a design competition will be held in association with Stages 2 and 3 of the proposal in the context of the more detailed future application.

The Department considers that the general mass and bulk of the preferred option building as presented on the Dwyer's site is acceptable as the proposed FSR of 3.84:1 complies with the WCC LEP 2007 FSR requirement of 3.85:1 (this includes the 10% FSR bonus as described under the 'Design Excellence' heading below) and is considered in-keeping with the context of the nearby commercial buildings on the south-western corner of Corrimal and Burelli Streets.

The Department considers that the 'L' shape form of the upper part of the Dwyer's site building concentrates the mass towards the south west portion of the site which is nearest the larger scale commercial buildings to the south west in the commercial core. This building massing and form provides a transitional element between the larger scale commercial buildings on Burelli Street to the west and the lower scale buildings to the east.

The development of the Oxford Tavern site (Stage 3) incorporates a separate commercial (11 storeys total) and residential tower (14 storeys total) above the 3 storey podium level as the preferred development option presented by the Proponent.

The Department considers that the mass and bulk of the proposal on the Oxford Tavern site is acceptable as the proposed FSR of 5.47:1 complies with the WCC LEP 2007 FSR requirement of 5.59:1 (this includes the 10% FSR bonus as described under the 'Design Excellence' heading below) and has a massing and form in keeping with the buildings to the south of this site across Burelli Street. Two towers are a preferred design to a single, consolidated building as the separated towers will reduce the perceived bulk and mass of the development. Further, the presentation of each tower will be able to properly reflect the separate residential and commercial functions.

Height

The Dwyer's site development is proposed to be 52.8 metres high and the Oxford Tavern site is proposed to be 52.5 metres high. This complies with the LEP height limit when calculated in accordance with Cl.22B(6) of WCC LEP 2007. This allows up to a 10% bonus beyond the 48 metre height limit subject to design excellence requirements discussed below (being a total height of 52.8 metres).

In addition to complying with the LEP height requirement, the proposed buildings allow reasonable amenity to be maintained to adjoining properties by way of maintenance of privacy, views and solar

access. Further, the height of the proposed building on the Dwyer's site is stepped down at the east to provide a reasonable height transition toward the lower scale buildings to the east of the site. The height of the proposed building on the Oxford Tavern site is generally in keeping with the scale and context of the buildings to the south of the site across Burelli Street.

The proponent has indicated that a final design competition will be undertaken for all future applications for Stages 2 and 3. A condition is accordingly recommended to be placed on the concept approval.

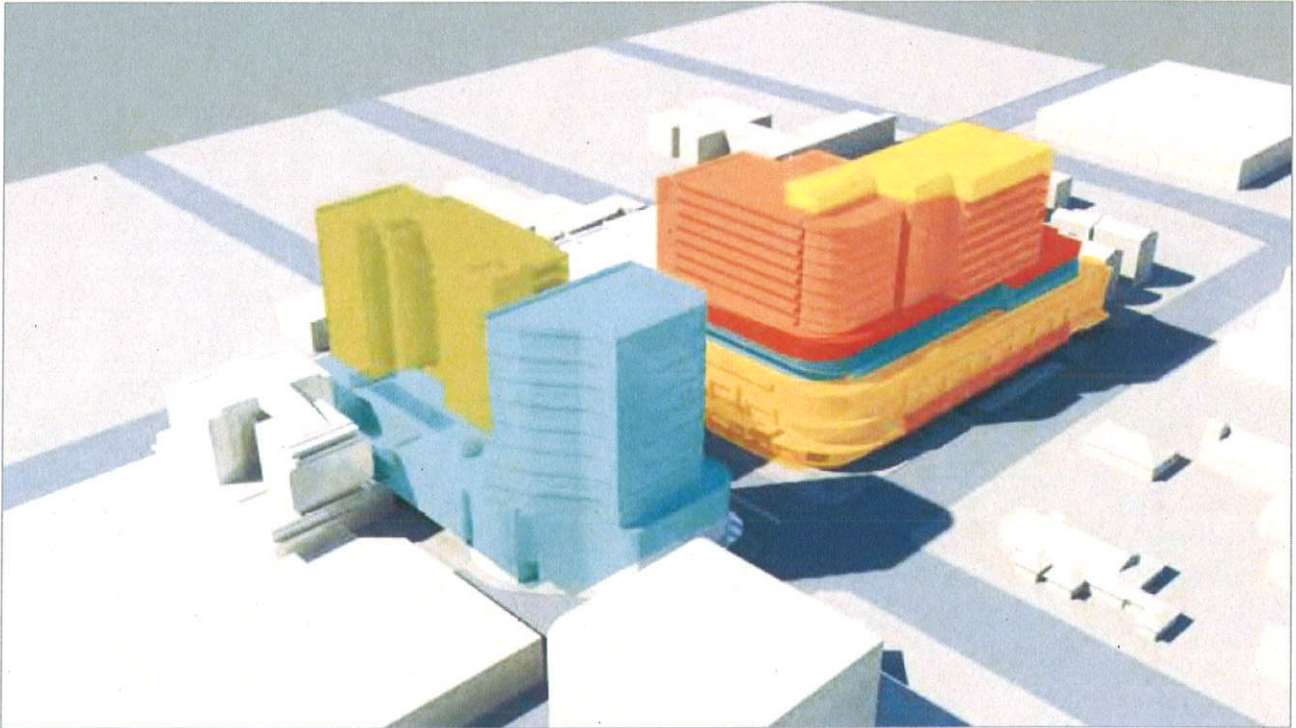


Figure 5: Proposed massing/building envelope viewed from the southwest. The intersection of Burelli Street and Corrimal Street is in the foreground.

Active Street Fronts

The proposal will allow for the general activation of the Crown Street, Burelli and Corrimal Street frontages with a high proportion of building frontage presenting retail and restaurant uses and also the hotel reception/lobby facing the street at the ground level. This is in keeping with the requirements of the WCC DCP 2007 and principles of good urban design.

The floor level of the proposed tavern fronting onto Corrimal and Burelli Streets however is approximately 1.2 metres above the street level. The Proponent argues that the floor level of the proposed tavern is intended to relate closely to ground level and appropriately activate the frontage and seeks to have the matter resolved at the project application stage.

The Department considers that the 1.2 metre difference in levels is only minor and will allow the street front to be activated. Further, the proposed level difference is considered appropriate for the intended tavern use as it will provide an informal delineation of space from the adjacent footpath. The Department considers that further designs at the project application stage may more closely consider that street front design and activation of the proposed tavern space. A future assessment requirement is recommended on the Concept approval requiring that the three (3) street frontages that bound the site are to have an activated use at ground level.

Building Separation

The Residential Flat Design Code requires that the upper two floors of the proposed residential tower on the Oxford Tavern site be separated by 18 metres from the proposed commercial tower and also to the adjoining residential development to the west. The WCC LEP requires that the upper two floors of the residential tower be separated by 28 metres from the proposed commercial

tower and by 20 metres to the adjoining residential development (Platinum Apartments) to the west. Figure 6 below shows the layout of each of the proposed towers and the separation distance provided. The proposed office and residential towers do not comply with the building separation requirements prescribed by the WCC LEP 2007 and the Residential Flat Design Code.

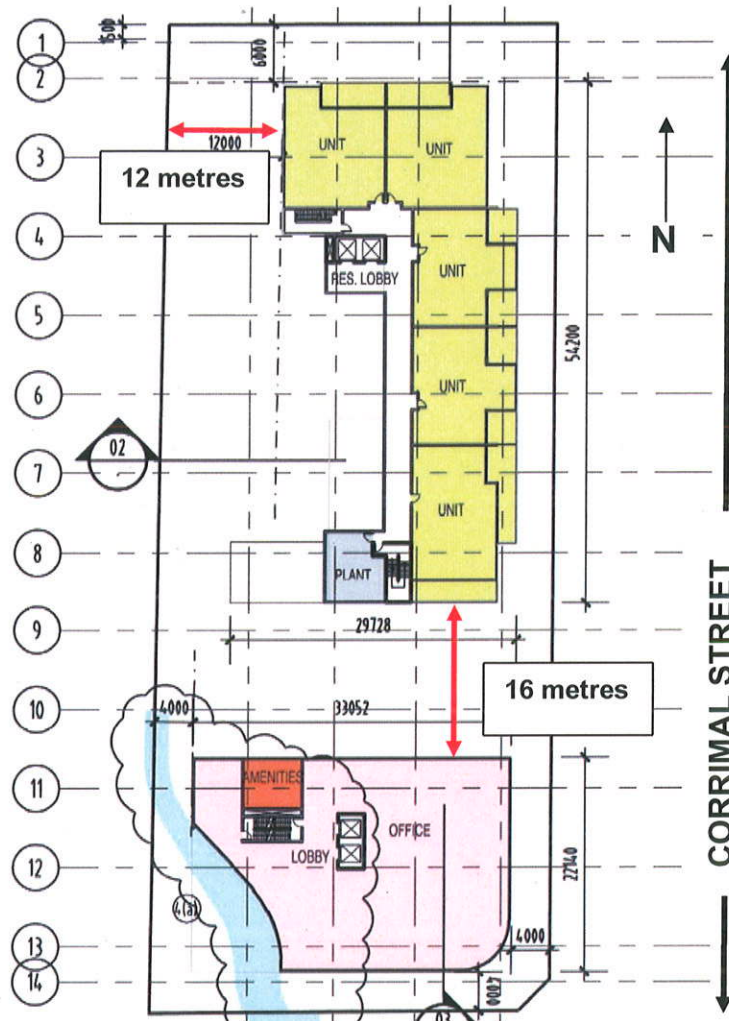


Figure 6: Typical layout of the proposed residential and commercial towers on the Oxford Tavern site with red arrows showing separation distance to nearest adjacent buildings.

The Department considers the proposed separation to be acceptable for the following reasons:

- The separation between the proposed towers on the Oxford Tavern site is 16 metres. This is non-compliant with the RFDC at the upper two floors (by 8 metres) and with the WCC LEP 2007 at the upper floor only (by 12 metres). The separation complies with the prescribed standard at the lower levels. An additional setback on the upper levels would detract from the architectural integrity of the building as it would interrupt the vertical tower form. Moreover the non-complying separation is unlikely to create any material future amenity impacts as the apartment at the southern end of the tower is designed with an eastern aspect rather than the smaller southern elevation that faces the proposed commercial building. Also, the residential building could be further designed through future applications to visually insulate (possibly with highlight windows, louvre systems etc.) any habitable south facing rooms. The issue of building separation will be reviewed through the design excellence process for future applications.
- The Platinum Apartment building immediately to the west of the proposed residential tower provides a blank wall to that part of the tower that is setback 12 metres from the western site boundary. This does not comply with the LEP separation distance requirement of 20 metres or

the Residential Flat Design Code guidelines of 18 metres. That part of the tower setback 12 metres from the western boundary comprises a single apartment with a primary northern facing aspect. The non-compliant separation in this section of the building will not result in any loss of amenity to either the existing Platinum building or the future residents of the proposed residential tower.

Design Excellence

The WCC LEP 2007 states that consent must not be granted to development in respect of a building that will be greater than 35 metres in height, unless a formal architectural design excellence competition has been held in relation to the proposed development. The height of the proposed development is 52.8 metres on the Dwyer's site and 52.5 metres on the Oxford Tavern site.

The exhibited proposal includes three building envelope options with a preferred option. The Department considers that the three building envelope options presented in the application, in lieu of a formal design excellence competition is acceptable at Concept Plan stage. The submission of these options has established an appropriate design that has the potential to contribute positively to the visual amenity and character of the streetscape. The exhibited residential and commercial building envelopes are in keeping with the desired future character of the city centre (in terms of height, bulk and scale).

It is important to note that the applicant has also incorporated a 10% FSR and height development bonus in the Concept Plan. This development bonus is only allowable where the design of the building is the result of a successful architectural design competition, and with the concurrence of the Director-General.

The Department has considered the relevant requirements of SEPP 65 and the RFDC in respect of the proposed residential tower on the Oxford Tavern site. The Department considers that the proposed tower form is in-keeping with the context of the locality and will also enable the proposed apartments to be provided with a good level of internal amenity which are provided with northern and eastern aspects.

To ensure an acceptable design outcome is achieved in respect of SEPP 65 requirements and that the 10% FSR and height bonus is only applied for superior designs, the Department recommends that future applications for stages 2 and 3 must be subject to a formal design competition as per the requirements of the WCC LEP 2007. This has been agreed by the Proponent.

Stage 1

The Stage 1 component of the proposal comprises of a 3 to 5 storey podium extending across the Dwyer's site located at Crown, Corrimal and Burelli Streets. Although this site is located outside of the commercial core, the proposed built form is consistent with the LEP controls in terms of height and FSR. The non-compliance with the LEP for this part of the site relates to the size of the retail tenancies (exceeding 400m²) which is not considered to lead to any detrimental urban design/ built form impacts on this site.

In this regard, the proposed built form is considered acceptable in this edge of centre location in terms of streetscape impacts; bulk and scale; and impacts on residential amenity. Should Stages 2 and 3 of the proposal not be developed, it is considered that Stage 1 is an acceptable stand alone building in this location for the following reasons:

- It is of a comparable scale to the adjoining four storey residential building fronting Burelli Street. The façade presents a four storey parapet height to Crown Street which is comparable in scale to the 3 storey Comelli Bros. buildings opposite, noting that the façade presents a parapet that is consistent in height.

- The façade has been designed to include shopfront openings with a width of bays consistent with the existing shopfront form along Crown Street to the west of the site. This will provide a natural extension to the Crown Street shopping strip linking the eastern part of the centre to the Crown Street Mall. Further details were provided with the PPR, demonstrating that Stage 1 will provide a positive contribution to the street through a well articulated and modulated façade.
- The proposed building is not considered to lead to an unreasonable impact on the amenity of nearby residential properties in terms of solar access and visual bulk and scale.

In summary, the Department considers that the Stage 1 component provides a positive design outcome in this locality. Further, reasonable opportunities exist to refine the building envelopes to a superior design solution for Stages 2 and 3 of the proposal. This can be addressed in more detail throughout the design competition and future application phase.

Heritage

The Council raised concern regarding the heritage impacts of the proposal, in particular, that the Oxford Tavern building may have some heritage value and also that the detailing of the Crown Street façade for the Oxford Tavern site provides little articulation to the street and is not sympathetic to the character and detailing of surrounding buildings.

A Heritage Impact Statement (HIS) prepared by Noel Bell Ridley Smith and Partners, was included with the EA. The HIS concluded that the proposed development will have minimal impact on heritage items in the surrounding area.

The Department notes that the Oxford Tavern building is not listed as a building of heritage significance. Further, the Heritage Council of NSW has also provided advice that the Proponent's report satisfactorily addresses the heritage impacts to the nearby heritage listed buildings.

The Proponent has amended the proposal by shifting the upper (third) podium level toward Crown Street by 5 metres to align with the levels beneath. The Department considers that this is acceptable as it is consistent with the massing presented by the heritage listed Comelli Brothers building on the north-eastern (opposite) corner of the Crown and Corrimal Street intersection. Finer grain resolution of the architectural treatment of the proposal can occur throughout the design competition process as part of future applications.

5.3 Traffic/Access

Both the Council and the RTA raised concerns regarding traffic generation and modelling, vehicle access points, servicing arrangements and pedestrian safety in regard to the originally exhibited application.

The Proponent undertook to resolve these issues by providing additional information including additional modelling, amended details of the proposal and providing capacity improvements to intersections immediately adjoining the site. Parsons Brinkerhoff prepared plans detailing the following works:

- (1) Town Hall Place loading dock
 - Removal of the bulbous kerb line on the western side of Town Hall Place.
 - Adjust the design of the building (relocate the lobby and stairwell) to allow reversing movement from the loading dock to be contained within the property boundary.
- (2) Town Hall Place/Burelli Street intersection
 - Widen Town Hall Place approach by adjusting the eastern kerb line to accommodate left-turns.
 - Remove the blister near the western side of the intersection.
 - Relocation of the west bound bus stop on Burelli street (further west).
 - Provision of a traffic island in Town Hall Place.

- Provision of a 'KEEP CLEAR' pavement patch on both eastbound lanes of Burelli Street and a 'No Stopping' zone in lane 1 of the westbound direction.
- (3) Burelli Street/Corrimal Street intersection
- On the north western corner of the intersection realign the kerb line and adjust kerb radius and realign the pedestrian crossing accordingly.
 - On the south eastern corner of the intersection realign the western kerb line of Corrimal Street.
 - Relocate two traffic signals and a direction sign
- (4) Corrimal Street/Crown Street intersection
- A no left-turn restriction for vehicles greater than 6m.

The key works are depicted in Figure 6. The RTA has reviewed these works and provided advice to the Department that they no longer raised objection to the proposal subject to conditions of consent. The RTA's comments are based on the assumptions that:

- through vehicles on Burelli Street will be able to pass vehicles turning right into Town Hall Place; and
- retail car park spaces will be paid parking spaces, with the fee significant enough to deter the all day use by office based commuters.

In regard to these assumptions, the Department notes that a 'KEEP CLEAR' treatment along the east bound lanes of Burelli Street at the Town Hall Place intersection and the 'No Stopping' zone along Burelli Street will assist with vehicle movement through this intersection. Also, a condition is recommended to be imposed on the project approval which requires that the retail car parking spaces will be paid parking in order to deter all day parking.

The Department considers that the RTA's recommended conditions and the works as set out above will provide the necessary capacity for the surrounding road network for traffic associated with the proposal. These works are referred to in the Proponent's Statement of Commitments. For certainty, a condition is recommended for imposition on the Concept Plan approval requiring that the Parsons Brinkerhoff plans be implemented as part of the development.

Porte-Cochere

The RTA raised concerns regarding the dimensions of the port-cochere on Burelli Street in that it does not appear to accommodate the turning movements of a coach or bus and creates the potential for vehicles to queue toward the intersection of Corrimal / Burelli Streets. The RTA sought further justification for the storage capacity within the porte-cochere be provided. Both the RTA and Council were concerned that the porte-cochere provides a significant hazard for pedestrians travelling along Burelli Street as it would reduce the available footpath width to only 1 metre.

In response to issue of footpath width, the Proponent amended the design of the porte-cochere so that a 2 metre wide footpath can be accommodated for pedestrians, which is considered to be adequate.

The Proponent also provided further dimensions and a turning path assessment for the porte-cochere. This shows that a 5 metre passenger vehicle would be able to safely make the left-turn entry and exit movements. The porte-cochere on Burelli Street is suitable for light vehicle access only and a condition will be imposed so that it is signposted accordingly. The RTA has since reviewed this additional information and has endorsed the plan which included the porte-cochere design (overview shown in Figure 6 above) in their final submission.

The Department considers that the use of the porte-cochere for small passenger vehicles only to be acceptable as small vehicle access is common to these pick-up / drop-off areas. It is considered however that space should be provided for the periodic loading and unloading of bus passengers in association with the hotel and conference centre and recommends that this be resolved as a future assessment requirement for the Stage 2 works.

Vehicular Access to Dwyer's site

The Council raised concerns regarding the width of access to the proposed Dwyer's site development via Crown Street (16 metres) and Burelli Street (17 metres), and recommended that the vehicle crossing widths be reduced in order to maximize pedestrian safety and public transport and parking options on the kerb side.

The Proponent argues that the vehicular access widths achieve the following operational and safety benefits:

- Left-turning and right-turning traffic would be separated with exclusive lanes (Burelli Street only), reducing the potential for rear-end crash conflict, particularly for left-turning traffic.
- There would be less queuing on the ramps.
- The ramp portal would be more "open" and would improve visibility and sight distances to pedestrians and other traffic units.

The report recommended that pedestrian warning signs be placed along the ramp on approach to the pedestrian crossing point and that the crossing point also be marked with an approved surface treatment (i.e. either pavement marking or stencilling) to further highlight the presence of pedestrians. The Department considers that the proposed dual lane exit point onto Burelli Street is excessive and the overall 17 metre width of the entry /exit point in combination with the loading dock exit is in conflict with the WCC DCP 2007. In order to maximise pedestrian safety along Burelli Street (which links the shopping/restaurant precinct with the beach entertainment precinct) the width of this exit point should be rationalised to provide a single exit lane (in addition to the above recommendations of the traffic report). A condition is recommended accordingly.

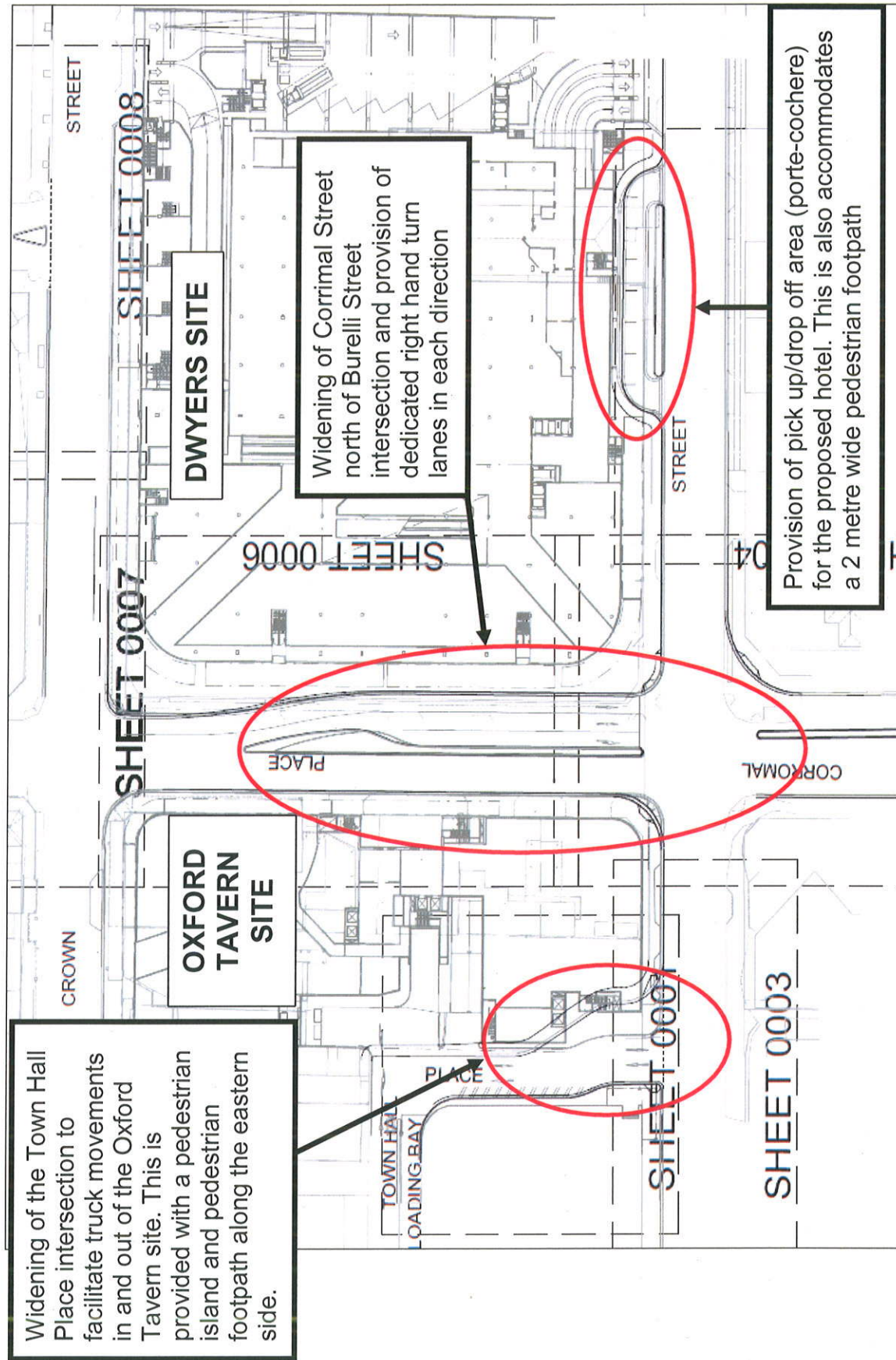


Figure 7: Overview of proposed road works and infrastructure upgrades related to the development of the Dwyer's and Oxford Tavern sites (Note Corromal Street is incorrectly referred to as 'Corromal Place').

5.4 Car Parking

The Council and public submissions raised concern that the proposed amount of car parking for the Dwyer's site (Stages 1 & 2) is inadequate. In particular, the proponent has not considered the potential impact of the cinema complex or conference facility within the car parking analysis. These submissions have recommended that additional car parking spaces be provided to cater for the parking demand created by the cinema complex.

Conversely, Transport NSW have commented that the proposal includes a significant component of parking in a location that is accessible to public transport and have recommended that the opportunity to reduce parking on the site should be explored as part of a Workplace Travel Plan (WTP). Also a Travel Access Guide should be prepared and made available to workers and visitors to the site.

The table below summarises the proposed car parking for the Dwyer's site against the requirements set by the Wollongong LEP & DCP.

Table 1: Assessment of car parking for the Dwyer's site

Land Use	Required spaces(LEP/DCP)	Proposed	Complies
Retail	1 sp per 25m ² = 947	797	No
Commercial	1 space per 75 m ² = 34	34	Yes
Hotel - Employees Visitors	1 sp. per 4 emp. = 30 0.5 sp. per room = 100	30 105*	Yes Yes
Restaurant - Employees Users	1 sp. per 4 emp. = 3 1 sp. per 6m ² = 171	3 83	Yes No
Cinema	On merit (50)**	0	No
Conference	On merit	0	N/A
Total	1335	1052	No

**This figure is proposed on the premise that the proposed hotel comprises 210 rooms. The proposal as sought in the EA describes 200 rooms. A condition is recommended to be placed on the Concept Plan approval specifying that 200 rooms only are approved.*

***Although no DCP/LEP or RTA parking rates for cinemas are available, Wollongong Council has recommended that 50 spaces be provided to cater for the cinema complex.*

The table above shows an overall shortfall against the LEP/DCP requirements of 283 spaces. This shortfall is specifically in relation to the proposed cinema, retail, and restaurant uses. Also no parking is sought to be provided for the proposed conference centre.

Retail Parking

The proponent's rationale for the provision of 797 car spaces for the retail use does not take into account the floor area used as circulation space within the shopping centre. Whilst this is not strictly in accordance with the LEP requirement, the Department considers this 15.8% non-compliance is reasonable as the deduction of circulation floor space is consistent with the calculation methodology provided by the RTA Guidelines for Traffic Generating Development.

Cinema Parking

The Proponent maintains that the cinema should not be included as a separate parking generation entity for the following reasons:

- A high percentage of people attending the cinemas would also be visiting the site for other purposes and the parking demand would be captured by other parking generation rates.
- The times when the sole trip purpose is for visiting the cinema is likely to be in a non-peak period when there would be a considerable amount of unused capacity.
- No specific cinema rate has been described in the DCP.

The Department concurs with the proponent's arguments and considers that the proposed car parking provision is adequate for the following reasons:

- The development is located in a highly accessible location in the city centre within walking distance of other services in the commercial core and public transport facilities.
- The peak period for the cinema will occur outside the retail peak period, therefore a considerable amount of unused car parking allocation would exist.
- The reduced car parking rate will encourage alternative transport patronage, walking and cycling consistent with the zone objectives and ESD principles.

Conference Centre Parking

Further to this the Proponent does not propose to provide any parking specifically for the proposed conference centre use for the following reasons:

- Conference events are considered to be one-off events and as such it would be unreasonable to be required to provide the full parking requirements for a conference event as well as other parking generating facilities.
- A substantial volume of conference attendees would be residents of the hotel as well as the offices and as such their parking requirements would have also been captured by these rates.
- A significant number of conference attendees would also access the site via public transport/walking etc.

No specific DCP/LEP or RTA parking rates for conference centres are available and as such the appropriate rate is assessed on merit. The Department considers that it is not necessary to provide additional parking spaces for the proposed conference centre for the following reasons:

- The use of the conference centre is likely to create only an occasional car parking demand.
- The conference centre use is likely to be interlinked with the proposed hotel, office and restaurant uses, which in total are provided with 255 parking spaces (above the DCP/LEP requirement of 250 spaces).
- This volume of car parking supply is likely to have the ability to absorb additional occasional car parking demand created by conferences should they be held independently of any of the other land uses.

Restaurant Parking

The Proponent has not addressed the shortfall in the car parking provision for the proposed restaurant. The Department notes that the proposed restaurant is located as part of a larger mixed use development (above a hotel which is a closely related use) which is provided with 1052 on-site parking spaces and is also located within the city centre. Despite the requirements of the DCP, the Department considers that the provision of 174 parking spaces for a restaurant in a city centre location is excessive and out of keeping with contemporary design practice. The Department considers that the proposed 86 car parking spaces will be adequate for the restaurant.

Conclusion

Overall the Department considers that the car parking methodology developed by the Proponent is appropriate and subject to the implementation of a Workplace Travel Plan recommended by Transport NSW, will provide adequate parking supply for the development. Whilst not compliant with the relevant numerical parking requirements the Department considers that the total proposed 1052 on-site parking spaces achieves the appropriate balance with regard to local planning controls, RTA guidelines and also the recommendations of Transport NSW which sought the reduction of on-site parking spaces.

It is noted that the proposed bicycle parking facilities are deficient when considered against the requirements of the DCP. An additional 42 bicycle parking spaces within the basement car park should be provided in accordance with requirements of the DCP, the recommendation of the Parsons Brinkerhoff report submitted with the EA and the submission provided by Transport NSW. It is recommended that a condition be imposed on the project approval accordingly.

5.5 Contributions

Council have sought that the project be levied for 1% of the cost of development in accordance with Council's Section 94A Development Contributions Plan (the Plan).

The Proponent has sought consideration of payment to be made in lieu for public domain works which comprises new paving footpath widening and landscaping works to the extent of the property boundary for both the Oxford Tavern site and the Dwyer's site. This is reflected in the Proponent's Statement of Commitments.

The Wollongong Section 94A levy for development is 1% of the cost of development, with an additional 1% of the cost of development levied on development within the B3 Commercial Core zone (equating to a total 2% of cost of development contribution for the Stage 3 works on the Oxford Tavern Site). The Plan also allows for payment of the levy to be made as an in-kind contribution (towards works identified in the Plan, including the Crown Street upgrade project) or through the provision of another material public benefit in lieu of a cash contribution.

Although the footpath restorations and landscaping have some relationship with the Crown Street upgrade project identified in the Plan, the site's frontage to Crown Street occupies only approximately 3% of the section of Crown Street identified to be upgraded by the Plan. Further, the footpath reconstruction, restoration and appropriate landscaping are works that would normally be sought as a standard condition of any approval for a project of this scale. The Department therefore considers that these works do not provide grounds for payment in lieu of Section 94A contributions.

The Department has considered Council's Section 94A Plan and notes that the Dwyer's site is located immediately on the edge of the B3 Commercial Core zone and the proposed retail development of the site is of a kind that would normally be provided as part of the Commercial Core. In accordance with Section 94B(2) of the Act the Department considers it reasonable that a contribution of 2% (being identical to the contribution levied for development in the B3 Commercial Core zone) of the cost of development be paid in respect of the proposed Stage 1 development of the Dwyer's site as well as the Oxford Tavern site. This will ensure that the additional retail development achieved by the proposal on the Dwyer's site contributes in the way it would if it was located in the commercial core.

A condition is accordingly recommended to be imposed on the Stage 1 project approval which will prevail over the Proponent's Statement of Commitments. This condition will require the Proponent to verify the CIV of the Stage 1 works in accordance with the Section 94A Plan in order to ascertain the exact contribution requirement. Further contributions will be required for Stages 2 and 3 of the development and will be calculated in accordance with Council's Section 94A Plan and levied with future applications.

5.6 Other Issues

Other issues considered in the assessment include;

Issue	Consideration
Signage Strategy	Details for signage shall be integrated into the design of the building. A separate application shall be submitted for signage. The approval will be conditioned accordingly.
Public Art	Public art will be provided on the south eastern corner of Crown and Corrimal street. Details of the public art shall be provided and construction completed prior too the release of the occupation certificate.
Noise	The proponent has submitted an acoustic report of the proposal. Notwithstanding this the approval has been conditioned to ensure compliance with relevant noise criteria.
Demolition	The demolition of buildings and remediation of the Dwyer's site has already been undertaken. All buildings on the Oxford Tavern site are proposed to be demolished and the site remediated where necessary. A revised and

	expanded Remediation and Validation Plan relating to the Oxford Tavern site will be prepared and submitted with future Applications for the Stage 3 works. The approval has been conditioned accordingly.
Road Widening	The exhibited application sought to build the Corrimal Street frontage of the stage 1 component of the proposal within a strip of land affected by a road widening scheme (for Corrimal Street). Council and RTA raised a concern with this aspect of the proposal. The Proponent has revised the plans to include an increase in the setback of the building along the Corrimal Street Property boundary. In effect, the façade has been setback an additional 2.5m.
Retail Arcade	The exhibited application sought to provide a retail arcade within the Oxford Tavern site (stage 3). The RTA and Council raised concern with this aspect of the proposal as it would potentially de-activate the street front and also create a mid-block pedestrian crossing point on Corrimal Street. The Proponent has amended the proposal by removing the retail arcade.

6. RECOMMENDATION

The Department has assessed the merits of the proposal taking into consideration the issues raised in public submissions and is satisfied that the impacts have been addressed in the PPR and related documentation, the Statement of Commitments and recommended conditions. It is considered that the impacts can be suitably mitigated and/or managed to ensure a satisfactory level of environmental performance, pursuant to Section 75J of the Act.

The Department has determined that the proposed development is appropriate and fits within the context of the Wollongong City Centre. The key issue relating to the proposal is the appropriateness of the proposed large format retail tenancies on the Dwyer's site outside the core CBD. The Department is of the view that the proposed large format retail tenancies are acceptable as the site is readily accessible to, and a tangible extension of, the existing retail centre on Crown Street, despite its location on the edge of the commercial core. Further, this site affords an opportunity to provide retail services and employment growth to the Wollongong City Centre that have not been provided within the commercial core and will strengthen the role of Wollongong as a major regional centre.

Other issues relate to the proposed built form/urban design, car parking, traffic impact, vehicle access and developer contributions. The Department is satisfied that these issues have been addressed in the PPR, the revised Statement of Commitments and recommended conditions.

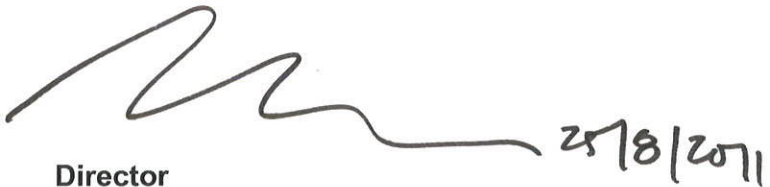
The Department considers that the proposed development is in the public interest as it will provide public benefits that are of merit and will enhance the vitality of this area of the Wollongong City Centre, which requires renewal. In summary these benefits include:

- Positive economic impacts on the economy of Wollongong during both construction and operation.
- Increased retail activity in the Wollongong City Centre and the revitalisation of the eastern end of Crown Street retail strip.
- Greater housing supply within the Wollongong City Centre
- Maximise the use of existing facilities and infrastructure.
- Infrastructure capacity improvements to key city centre intersections and pedestrian access between the City Centre and the beach.
- Monetary contributions to the value of 2% of CIV.

The Department recommends that the Project Application and Concept Plan be approved, subject to conditions of approval.


Team Leader
Metropolitan and Regional Projects South


Deputy Director-General
Development Assessment
& Systems Performance


Director
Metropolitan and Regional Projects South


Director-General

26/8/2011.

APPENDIX A ENVIRONMENTAL ASSESSMENT

See the Department's website at

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=1007

APPENDIX B SUBMISSIONS

See the Department's website at

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=1007

APPENDIX C PROPONENT'S RESPONSE TO SUBMISSIONS

See the Department's website at

http://majorprojects.planning.nsw.gov.au/index.pl?action=view_job&job_id=1007

APPENDIX D CONSIDERATION OF ENVIRONMENTAL PLANNING INSTRUMENTS

Statement of compliance

Under Section 75I of the EP&A Act 1979 and Clause 8B of the EP&A Regulation 2000, the Director-General's report is required to include a statement relating to compliance with the environmental assessment requirements with respect to the project.

The Department is satisfied that the environmental assessment requirements have been complied with.

Ecologically Sustainable Development (ESD) principles

There are four accepted ESD principles:

- (a) *the precautionary principle,*
- (b) *inter-generational equity,*
- (c) *conservation of biological diversity and ecological integrity,*
- (d) *improved valuation, pricing and incentive mechanisms.*

The Department has considered the development in relation to the ESD principles and has made the following conclusions:

Precautionary Principle – It is considered that there is no threat of serious or irreversible environmental damage as a result of the proposal. The site has been developed for some time and does not contain any threatened or vulnerable species, populations, communities or significant habitats. The site therefore has a low level of environmental sensitivity. The proposed development is also unlikely to be impacted by potential river or sea level rise as the natural ground level of the site is at RL 6.63m and the site is not subject to flooding.

Inter-Generational Principle – The proposal represents a sustainable use of the site as the redevelopment will utilise existing infrastructure and make more efficient use of the site. The redevelopment of this site will also have positive social, economic and environmental impacts.

Biodiversity Principle – Following an assessment of the proponent's EA it is considered with appropriate certainty that there is no threat of serious or irreversible environmental damage as a result of the proposal. The site has been developed for different purposes for some time and the site has a low level of environmental sensitivity. There is little to no natural vegetation on the site and the site does not contain any threatened or vulnerable species, populations, communities or significant habitats. Therefore the proposal will not impact upon the conservation of biological diversity or ecological integrity.

Valuation Principle – The approach taken for this project has been to assess the environmental impacts of the proposal and identify appropriate measures to mitigate adverse environmental effects and maximise energy efficiency through design. The mitigation measures include the cost of implementing these measures in the total project cost. The proponent is committed to ESD principles and has reinforced this through benchmarking buildings against BASIX by maximizing cross ventilation, solar access and natural light through apartments in the modified PPR proposal. The above measures will be included in the total cost of the project and considering greenhouse gas emissions linked to environmental performance, accessibility and travel the proposal is considered to be acceptable. A condition of consent will be imposed on the development approval to ensure that future buildings developed as part of stage 1 and 2 are to achieve a minimum 5 green star rating.

Section 75I(2) of the Act

Section 75I(2) of the EP & A Act and Clause 8B of the *Environmental Planning and Assessment Regulation 2000* provides that the Director-General's report is to address a number of requirements. These matters and the Departments response are set out as follows:

<i>Section 75I(2) criteria</i>	<i>Response</i>
Copy of the proponent's environmental assessment and any preferred project report;	The Proponent's EA is at Appendix A and Preferred Project Report Appendix C .

Any advice provided by public authorities on the project;	A summary of the advice provided by public authorities on the project is set out in Section 4 of the report.
Copy of any report of a panel constituted under Section 75G in respect of the project;	No statutory independent hearing and assessment panel was undertaken in respect of this project.
Copy of or reference to the provisions of any State Environmental Planning Policy that substantially govern the carrying out of the project;	Each relevant SEPP that substantially governs the carrying out of the project is identified below, including an assessment of the impact of the SEPP on the development proposal.
Except in the case of a critical infrastructure project – a copy of or reference to the provisions of any environmental planning instrument that would (but for this Part) substantially govern the carrying out of the project and that have been taken into consideration in the environmental assessment of the project under this Division,	An assessment of the development relative to the prevailing environmental planning instrument is provided in Sections 5 of this report and also below.
Any environmental assessment undertaken by the Director General or other matter the Director General considers appropriate;	The environmental assessment of the Project Application and Concept Plan is this report in its entirety.
A statement relating to compliance with the environmental assessment requirements under this Division with respect to the project.	The environmental assessment of the Project Application and Concept Plan is this report in its entirety.

The DG's report to the Minister for the proposed project satisfied the relevant criteria under Clause 8B of the EP&A Regulation as follows:

<i>Clause 8B criteria</i>	<i>Response</i>
An assessment of the environmental impact of the project	An assessment of the environmental impact of the proposal is discussed in section 5 of this report.
Any aspect of the public interest that the Director-General considers relevant to the project	The public interest/public benefits are discussed in section 6 of this report.
The suitability of the site for the project	This is discussed in Section 5 of the report.
Copies of submissions received by the Director-General in connection with public consultation under section 75H or a summary of the issues raised in those submissions.	A summary of the issues raised in the submissions is provided in section 46 of this report.

To satisfy the requirements of section 75I(2)(d) and (e) of the Act, this report includes references to the provisions of the environmental planning instruments that govern the carrying out of the project and have been taken into consideration in the environmental assessment of the project.

Relevant EPIs considered in this assessment include:

- Wollongong City Centre LEP 2007;
- Wollongong City Centre DCP 2007; and
- State Environmental Planning Policy No. 65 – Design Quality of Residential Flat Development.

Other controls considered in the assessment of the proposal include:

- State Environmental Planning Policy No. 55 – Remediation of Land; and
- State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004
- State Environmental Planning Policy 11 – Traffic Generating Developments
- Draft State Environmental Planning Policy No.66 - Integrating Land Use and Transport
- Illawarra Regional Environmental Plan No.1

The provisions of development standards of local environmental plans are not required to be strictly applied in the assessment and determination of major projects under Section 75R Part 3A of the Act.

Notwithstanding, the objectives of the above a EPIs, relevant development standards and other plans and policies that govern the carrying out of the project have been considered in this assessment in accordance with the DGRs.

COMPLIANCE WITH PRIMARY CONTROLS

Wollongong City Centre LEP 2007

The proposal has been considered against the WCC LEP 2007. There are four areas of non compliance from the planning controls including, retail premises greater than 400m² in the B4 City Edge Zone; car parking; building separation; and the requirement for a design competition. Each of these issues have been addressed in the report above (further discussion is provided for the proposed car parking on the Oxford Tavern site below). Below are compliance tables in relation to the Wollongong City Centre controls.

Local EPI Compliance (Stage 1 - Project Application)

	Control	Proposed	Compliance
FSR Dwyer's Site (stage 1)	3.5:1 (+10% bonus) = 3.85:1	2.86:1	Yes
FSR (mixed use city edge zone)	Retail sites greater than 400m ² prohibited	4 retail premises greater than 400m ²	No
Height	48m (+10% bonus) = 52.8m	20.53m	Yes
Total GFA*	45,410m ²	33,740 m ²	Yes
Car Parking	1335	1052	No
Street Frontage	20m	>20m	Yes

Local EPI Compliance Stages 2 and 3 (Concept Plan)

	Control	Proposed	Compliance
FSR Dwyer's Site (stage 2)	3.5:1(+10% bonus) = 3.85:1	3.841 * (GFA 45,267m ²)	Yes
FSR Oxford Tavern (stage 3 site area 4,120sqm))	5.589:1 (mixed use) GFA 23,026m ²	5.465:1 GFA 22,519m ²	Yes
Building separation Habitable/non-habitable	28m over 45m 12m less than 45m	16m 16m	No Yes
Building separation Habitable/habitable	16m	12m	No
Height (Dwyer's Site)	48m (+10% bonus) = 52.8m	52.8m	Yes
Height (Oxford Tavern)	48m (+10% bonus) = 52.8m	52.51m	Yes
Car Parking (Oxford Tavern)	525	369	No
Maximum Floor Plate (GFA) Oxford Tavern)	1,200m ² non-residential 900m ² residential	542 m ² 735m ² *	Yes Yes
Total Car Parking	1860	1,421	No
Street Frontage	20m	>20m	Yes

* Level 4 floor plate for the residential tower is 921m² however the component of this used as residential dwellings and access is 542m² with the remainder used for ancillary recreation space to the south and west of the residential dwellings.

Car parking

The proposal does not comply with the minimum car parking requirements, prescribed in the WCC LEP 2007 / WCC DCP 2007, with a total shortfall of 156 car parking spaces for proposed development on the Oxford Tavern Site. The WCC DCP 2007 specifies a parking generation rate of 1 space per 5m² of tavern floor area for development within the city centre zone, and equates to 209 parking spaces for the proposed tavern component of Stage 3 of the development. The proponent considers that this rate is excessive and has adopted a parking generation rate of 1 space per 20m² (similar to the estimated parking supply of the existing tavern) in determining the parking spaces provided for Stage 3 of the proposed development. It is this aspect of the parking provision that has resulted in the shortfall of 156 spaces.

The non compliance is considered acceptable given the inner city location of the proposal and provision of 1052 spaces on the Dwyer's site.

Wollongong City Centre DCP 2007

The Wollongong City Centre DCP 2007 sets out the desired future character for development in the Wollongong City Centre. The proposed development is generally consistent with the requirements of the DCP. Issues relating to compliance with floor space ratio, building separation, setbacks and car parking have been considered in the assessment of this proposal and where relevant, discussed in the report.

State Environmental Planning Policy No. 65 (SEPP 65) – Design Quality of Residential Flat Buildings

The Department has considered the architect's design verification statement regarding an assessment of the proposal against the SEPP 65 design principles. The Department considers that the proposed development generally complies with the recommendations of the Residential Flat Design Code (RFDC) and that the proposed residential tower has the ability to meet the requirements of SEPP 65. The main issue relates to the proposed separation distance between the proposed towers on the Oxford Tavern site. This separation as discussed in the report above is acceptable to the Department.

The Department considers that the proposed tower form enables the proposed apartments to be provided with a good level of internal amenity which are provided with northern and eastern aspects. As Concept Plan approval is sought for an indicative built form only, it is considered that detailed design considerations under SEPP 65 and the RFDC will be more appropriately assessed at future application stages.

State Environmental Planning Policy (Building Sustainability Index: BASIX) 2004

SEPP - BASIX aims to establish a scheme to encourage sustainable residential development across New South Wales.

As Concept Plan approval is sought for an indicative built form of the residential tower only, it is considered that detailed design considerations under BASIX will be more appropriately assessed at a future project/development application stages. The Concept Plan will be modified to ensure that future project/development applications for the proposed residential tower comply with BASIX.

State Environmental Planning Policy No. 55 (SEPP 55) – Remediation of Land

SEPP 55 requires a consent authority to consider whether the land is contaminated, and if so, whether the land will be remediated before the land is used for the intended purpose. Remediation of the Dwyer's site is currently underway; having already been approved as part of the demolition consent granted under Part 4 of the EP&A Act. The proponent has submitted a Preliminary Environmental Site Assessment (phase 2) and Geotechnical Investigation report in relation to Stage 3 the Oxford Tavern site which found that there is a low likelihood for significant contamination to exist within the two AECs (the former carwash, and fill of unknown quality and origin) identified on the site.

The proponent has committed to preparing a revised and expanded Remediation and Validation Plan relating to the Oxford Tavern site as part of a future Application for the Stage 3 works. The Plan will include a risk assessment in accordance with the Department of Environment and Conservation's Approved Methods for the Modelling and Assessment of Air Pollutants in NSW; Workcover's OH&S Requirements; SEPP 55 and Managing Land Contamination Planning Guidelines.

The Department is satisfied with the proponent's approach to this issue.

State Environmental Planning Policy 11 (SEPP 11) – Traffic Generating Developments

As it was in force at the time when the application was submitted, SEPP 11 aims to ensure that the RTA is made aware and given opportunity to make representations in respect of certain types of development referred to in Schedule 1 or 2 of SEPP 11. The proposed concept plan is applicable to Schedule 2. Since the submission of the application however SEPP 11 has been repealed. State Environmental Planning (Infrastructure) 2007 however has been gazetted and similarly requires that the RTA be given the opportunity to make representations in respect of the proposed development.

The Department referred the subject application to the RTA as part of the consultation process. Refer to **Section 4.2** of this report for RTA's comments and the Departments response. The Department will also notify the RTA of its determination of the subject proposal.

Draft State Environmental Planning Policy (Competition) 2010

In July 2010 draft State Environmental Planning Policy (Competition) was publicly exhibited. The draft SEPP aims to promote economic growth and competition and remove anti-competitive barriers in environmental planning and assessment. The draft Competition SEPP proposes:

- the commercial viability of a proposed development may not be taken into consideration by a consent authority when determining development applications;
- the likely impact of a proposed development on the commercial viability of other individual businesses is not a matter for consideration; except if the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities; and
- any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

The Department's consideration of the Draft Competition SEPP is detailed in Section 5 of the report.

Draft State Environmental Planning Policy No. 66 (DSEPP 66) - Integrating Land Use and Transport

DSEPP 66 requires that the consent authority consider whether the future development of the site helps integrate land use and transport and minimize the need to travel by car. This draft policy however has not been progressed by the Department and is no longer considered as part of the development assessment process.

Nevertheless, the Department considers that the proposal will maximise the use of existing facilities and infrastructure within the Wollongong City Centre. The site is within 1 kilometre of Wollongong Train Station and the proposed development will improve pedestrian facilities and movement around the city centre.

Illawarra REP No.1

The Illawarra REP Provides a framework for co-ordinated action to ensure best use of land resources, improvement in the quality of life, protection of regional needs and interests and the establishment of a stable and attractive climate for public and private investment in the Illawarra Region. It does not provide any specific controls for the consideration of the proposed development however provides general objectives for development in living and commercial areas. As they relate to the subject proposal, these

objectives include the development of commercial centres to suit the convenience of consumers and to promote shopping and pedestrian amenity.

The proposed development will add to the range of retail and commercial services in the city centre and will improve pedestrian and shopping amenity around the subject site. The Department considers that the objectives of the Illawarra REP are promoted by the proposal.

**APPENDIX E INDEPENDENT ECONOMIC IMPACT REPORT (HILL
PDA)**

23 August, 2011

Ben Lusher
Metropolitan & Regional Projects South
NSW Department of Planning & Infrastructure
GPO Box 39 | Sydney NSW 2001

Dear Ben,

Re: Peer Review: Dwyer's Site, Crown Street, Wollongong

Introduction

Hill PDA was commissioned by the Department of Planning and Infrastructure (DP&I) to undertake an independent peer review of the economic impact assessment pertaining to a proposed development on the Dwyer's Site, Crown Street Wollongong. We understand that the proposal is seeking approval for a Concept Plan under Part 3A. The proposed development is seeking a mix of uses including residential, retail and commercial floorspace.

In accordance with the brief, our advice considers the Updated Economic Impact Assessment (UEIA) report which was submitted with the Preferred Project Report. This was undertaken by Leyshon Consulting Pty Ltd in March 2011. Our advice comprises:

- Consideration of the assumptions made in relation to size and extent of trade areas, socio-demographic profiles, growth forecasts, household expenditure, retail turnovers etc.;
- Commentary on the trade area required to sustain the proposed floorspace;
- The provisions of the Illawarra Regional Strategy, the Draft Activity Centres Policy and the Draft Competition SEPP insofar as they relate to the proposed development;
- A review of the likely impact of the proposed retail component on the commercial core of Wollongong City Centre;
- Advice on the level of significance of the economic impact and, if relevant, recommendations to mitigate any impacts.

In order to inform our advice we have consulted directly with the DP&I, Wollongong Council and Leyshon Consulting.

Please note that our examination concerns economic impact only and does not consider other aspects of the proposals such as design, traffic etc.

The Development Proposal

The site subject to this development proposal is known as the Dwyer's site and is located at 31 to 47 Crown Street in Wollongong.

We understand the proposed development comprises 19,299 GFA retail floorspace composed of the following elements:

- a supermarket (3,760sqm);
- a Discount Department Store (5,390sqm);
- mini-majors (2,034sqm);
- specialty retail (8,115sqm).

In addition to the above retail floorspace, the proposed Concept Plan includes a 3,312sqm GFA cinema.

We understand from our discussions that Wollongong Council, and from examination of Council's submission to the Preferred Project Report dated 25 October 2010, that Council has concerns over the proposed development. Wollongong Council contends that:

- The size of the proposed retail premises is excessive and greater than the 400sqm retail premises cap per store imposed in B4 Mixed Use zones in the Wollongong LEP 2009;
- The site is inappropriate for the intensity of retail development proposed;
- It is contrary to local planning policy which seeks to concentrate retail development in the B3 Commercial Core and improve linkages with Wollongong Railway Station;
- It would undermine the retail focus of the core and shift activity away from the railway station and core areas.

As part of the peer review we have discussed the development application with representatives of the DP&I's Southern Regional Office (DP&ISRO). The DP&ISRO indicated that they:

- Have a strong preference for containing the CBD retail core around the Wollongong Central shopping centre;
- Are seeking to facilitate the revitalisation of the west end of Wollongong City Centre and are of the view that this proposal could detract from that aim;
- Are generally supportive of having a multi-screen cinema in Wollongong and supportive of the Dwyer's site being used to accommodate it (synergy with the entertainment precinct);
- Are supportive of an additional discount department store in the CBD;
- Are not convinced about the need for an additional supermarket in the CBD given the existing supermarkets in the CBD and in close proximity (ie Figtree and Fairy Meadow) as well as the proposed location of an additional supermarket at West Crown Street;
- Are not convinced that the large supply of retail proposed is necessary to ensure development feasibility;
- Are supportive of a DDS and additional specialty shops being accommodated in the CBD;
- BUT consider that if the proposed mix of retail uses (including a supermarket and DDS) is to be accommodated in the CBD, then it should be in the west end not on the Dwyer's site.

The DP&ISRO are supportive of some active retail on the Dwyer's site in order to link the entertainment quarter to the CBD, but they believe that the location of the site is not suitable for having the quantum and range of retailers being proposed. In their view a cinema and some retail uses on the Dwyer's site (to activate the streets) is acceptable, but the remainder of the site should be used to provide a mix of commercial and residential uses with retail being ancillary (i.e. no supermarket or DDS).

The DP&ISRO emphasised that a comparable development scheme already has extant development consent on GPT's landholdings immediately west of Wollongong Central. Although this has not yet been implemented, the DP&ISRO are confident that Wollongong Central will be expanded in the short to medium term. They also asked that the retail assessment consider whether approval and development of the Dwyer's site may capture the market which would otherwise have been available to support the expansion of Wollongong Central or other potential developments in the west end of the City Centre. Approval of the Dwyer's proposal could therefore jeopardise that strategic planning goal.

Updated Economic Impact Assessment

In accordance with the brief Hill PDA undertook a detailed critique of the assumptions contained within the UEIA. These are explored on an individual basis below.

Trade Area

The trade area utilised by the proponent is outlined in Section 3.1 of the UEIA. It comprises three Primary Trade Areas (PTAs): Central, North and South, two Secondary Trade Area (STAs): North and South, and a Tertiary Trade Area. This incorporates nearly the whole of the Illawarra Region. The definition of trade areas used in the UEIA has been informed in part by the results of a household telephone survey undertaken in 2004.

Defining a trade area for a Subregional Centre such as Wollongong City Centre (WCC) is inherently difficult. This is because it performs multiple roles serving both the daily or 'chore' shopping needs of local residents through the provision of supermarkets and grocers, and by serving the more infrequent comparison goods shopping requirements of the wider catchment.

This is reflected in the extent of trade areas for different types of retail facility. A supermarket is a chore shopping facility given that it sells goods which are purchased on a regular (i.e. daily, weekly or bi-weekly) basis and there is little differentiation between the types of goods sold. That is, a supermarket in WCC will sell more or less the same produce as that available in a supermarket in Shellharbour or Kiama. As such, residents would not be prepared to travel from Shellharbour or Kiama to WCC to shop at a supermarket. In the Illawarra region there is around one large supermarket for every 11,000 persons.

By contrast a department store or a Discount Department Store (DDS) would be visited on a less frequent basis, perhaps once monthly or less for the purchases of comparison (i.e. non-food) goods purchases. As such, stores of this nature are provided only in larger retail centres and there are less of them. Residents are therefore prepared to travel greater distances to shop at such outlets compared to supermarkets and this is reflected in the larger trade area which department stores and DDSs require. Typically, a DDS will require a trade area population of at least 40,000 residents for it to be economically viable whilst a national department store such as Myer or David Jones require a trade area of in excess of 200,000 residents.

For these reason, a Primary (i.e. 'chore') Trade Area and a Secondary (i.e. more infrequent comparison) goods shopping is usually defined when assessing a retail development such as this. A Tertiary Trade Area (TTA) includes residents who may on occasion shop at the centre in question, but who may also use a number of other centres.

We note that the UEIA does not define what is meant by the terms PTA, STA and TTA, and we should note that it is very unusual for there to be more than one PTA. We agree that that the PTA North and PTA South fall within the regional catchment of WCC, however given that these areas contain several full-line supermarkets it is unlikely that residents in these areas will visit WCC solely for 'chore' shopping. Given that no rationale is defined for the extent of these trade areas is provided it is not clear why this has been done, although it may be due to an assumption that commuters to Wollongong from these area for work or visiting for non-chore shopping making 'chore' shopping purchases at the same time. We consider that the PTA Central is closely aligned to the area we believe would constitute the PTA for WCC, with the PTA North and PTA South forming part of the STA.

Notwithstanding this, WCC is a Regional shopping centre and its broad trade area incorporates the whole of the Illawarra Region. We therefore consider the trade area in the UEIA to be reasonable. We should also note that there has been little change in the retail hierarchy in the WCC area since 2004 when the household survey was undertaken, and therefore its findings still remain relevant.

Socio-demographic Profiles

Socio-demographics in the UEIA have been derived from 2006 ABS census data and have been based on the defined trade area. 2006 ABS census data is the latest demographic data available and in view of our acceptance of the broad trade area we consider the socio-demographic profiles in the UEIA to be robust.

Growth Forecasts

The UEIA utilised ABS data to estimate the population in the trade area in 2006. The calculations used to project population to 2021 are not specifically outlined, although these are noted as consisting of 2010 DP&I estimates adjusted to reflect recent population growth trends. Overall the UEIA states that the trade area will experience a per annum population growth rate of 0.93% between 2006 and 2021 (Table 3.3).

On the basis of the 'New South Wales Statistical Local Area Population Projections, 2006-2036', which were published by the Department of Planning (as was) in April 2010, the LGAs of Wollongong, Shellharbour and Kiama will cumulatively experience a per annum growth rate of 0.73% between 2006 and 2021. This is 0.2 percentage points lower than the population growth rate adopted in the UEIA.

By applying a 0.73% per annum growth rate to the 2006 population data used in the UEIA leads to a forecast population of approximately 299,400 persons in the trade area at 2021 or around 9,200 less people than assumed by the UEIA.

As would be expected the UEIA records the greatest level of growth in the PTA South area. This is consistent with the significant growth in the Region which is planned around Dapto.

Household Expenditure

The household expenditure assumptions in the UEIA are modest. The retail expenditure per capita spend across the trade areas varies from between \$8,971 in the STA South to \$11,529 in the STA North in 2011 (\$2010). By contrast,

according to our estimates based on Marketinfo data the Illawarra Region recorded per capita retail expenditure of \$12,350 in 2009 (\$2010).

The UEIA projects expenditure to 2021 based on both population growth discussed, which was discussed above, and retail spend per capita growth of between 0.5% and 1.0% in the trade areas. We consider this to be modest and compares with a real retail growth rate of 1.2% to 1.3% used by Hill PDA in line with the historic trend since 1986.

Retail Turnovers

The UEIA assumes that the proposed development will have a turnover of \$138.4m per annum at 2013 (\$2010) based on an average sales density of \$7,164 per sqm. As the UEIA correctly notes this is higher than typical for a DDS-anchored centre in Australia in 2010. Given the retail mix of the proposed development which includes a relatively high proportion of food retail floorspace which will trade at higher sales densities than non-food floorspace, we consider this to be a reasonable assumption.

Market Share

Different capture rates are assumed for the proposed development across the trade area, with higher captures rates in the PTA (3% to 11%) and lower captures rates in the STA and TTA (1% to 3%). This leads to an overall capture rate in the trade area of 4% of the expenditure generated in the trade area at 2013 being captured by the proposed development. Based on the nature of the proposed retail floorspace and existing provision and distribution of retail floorspace in the Illawarra Region in our view this assumption of market share is reasonable.

Discrepancies

It should be noted that Hill PDA detected a number of discrepancies in the data contained within the UEIA. Table 2.1 of the UEIA states that the CBD contains some 68,000sqm of retail floorspace including 130 specialties outside of Wollongong Central. This contradicts previous studies of Leyshon Consulting, Hill PDA and others which records some 80,000 to 90,000sqm of retail floorspace in the CBD.

We also note that whilst Table 2.1 of the UEIA records the CBD Balance as achieving retail sales of \$140m in 2009, Table 4.2 of the UEIA records the sales of the CBD Balance as being \$220m.

These discrepancies were clarified by email correspondence with Leyshon Consulting (refer to the attachment).

Summary of UEIA Peer Review

The UEIA has used a different methodology in some respects to that used by Hill PDA when assessing economic impact. Although we disagree with some aspects of the approach in the UEIA, it fulfils the requirements of assessing economic impact by examining and quantifying the impacts of the proposed development on existing centres. Despite some disagreement we consider that the findings and conclusion of the UEIA are reasonable.

Economic Impact

The UEIA forecasts the economic impact of the proposed development in Chapter 4.3. The greatest level of impact is forecast for Wollongong Central which is estimated to experience a 14% reduction in 2013 if the proposed

development were implemented. In terms of the severity of impact levels, this is followed by Westfield Warrawong (8%), Westfield Figtree (7%) and WCC balance (5.4%). Impacts upon all other centres are less than 5%.

We note, however, that the UEIA does not include Fairy Meadow when modelling impact despite this centre containing two supermarkets (Woolworths and ALDI). The UEIA also does not indicate how the assumed trading levels at 2013 have been derived, as the figures stated do not always correlate with the data contained previously in the UEIA regarding the assumed turnover of the centres. Indeed, the UEIA does not appear to include the latest trading information for many of the centres. In addition, we note that the UEIA does not set out the assumptions used in informing the turnovers derived in strip retail outside of the purpose built shopping malls or the floorspace assumed for this areas. In other words, the methodology and assumptions used to inform the modelling work is not clear.

We agree with the statement in the UEIA that, given the retail floorspace proposed and in particular the provision of a DDS, the greatest impacts will be experienced by centres with a comparable retail offer.

There are no universal measures of significance of impact. There are references in various consultancy reports and statements in the Land and Environment Court which suggest that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high and above 15% is a strong or significant impact. This is consistent with the assumptions in the UEIA.

The UEIA indicates that the impact upon Wollongong Central at 2013 will be moderate to high and the impact upon Westfield Warrawong, Westfield Figtree and WCC Central will be low to moderate. Impact on all other centres will be insignificant. These are point in time impacts at 2013, no impacts over time (i.e. 2010 to 2013) have been calculated.

Examining these centres in detail, we note that

- Wollongong Central: Based on the UEIA data the centre is trading at below average levels.
- Westfield Warrawong: published per square metre trading levels for 2010 indicates that the centre is trading at 36% below the median for all 91 Big Gun centres (i.e. in excess of 45,000sqm) in Australia (source: SCN Big Guns). It records a turnover of \$4,170 per sqm for 2010 and is ranked 88th out of the 91 Big Gun centres in terms of turnover per sqm;
- Westfield Figtree: published per square metre trading levels in 2010 indicate that the centre is trading at 21% greater than the median for all 100 Little Gun centres (i.e. of between 20,000 and 45,000sqm) in Australia (source: SCN Little Guns). This centre records a turnover of \$8,2226 per sqm for the period; and
- WCC Central: the level of impact would, as recognised in the UEIA, be spread across a variety of traders.

We note that Wollongong Central has below average trading levels. However this is largely a reflection of its retail mix. Having two national department stores (Myer and David Jones) and no operating supermarket is a mix conducive to a below average turnover figure. Specialty turnover is likely to be more than \$7,000 per square metre and more in line with centres of similar size.

Hill PDA's Assessment

In order provide a 'sanity-check' of the data used in the UEIA we have undertaken broad-level bespoke expenditure and impact modelling to test the findings.

Expenditure Modelling

The Hill PDA expenditure model is derived on ABS and Marketinfo 2009 data. For indicative purposes we have assumed that the trade area constitutes the Wollongong Statistical Division (Wollongong, Shellharbour and Kiama local government areas).

Based on our model this area contains around 282,000 persons in 2009 generating an estimated \$3.5bn in retail expenditure. This is set to increase to \$3.8bn in 2013 based on the DoP population growth estimates discussed previously.

The UEIA uses a smaller trade area (Wollongong SD less some rural areas in Kiama and Shellharbour LGA and the Helensburgh/Otford area) with population base of 268,500 persons in 2009 (Table 3.3) to calculate demand. This is a population some 5% less than is located within the regional trade area which we defined.

The UEIA forecasts that the trade area will generate some \$3.0bn by 2013 i.e. \$0.8bn less than the regional trade area. This is a consequence of both the lower population base used in the UEIA and lower per capita spend.

In light of the above, we believe that there is a greater level of expenditure available to support the proposed development than that identified in the UEIA.

Impact Modelling

In order to quantify the scope of this turnover capture from existing competing centres Hill PDA prepared a bespoke gravity model. The main principles in the gravity model are that:

1. Like for like stores compete with one another. That is the grocery/ food retailer will compete with existing grocery/ food retailers in the locality, and likewise with specialty stores and department stores;
2. The level of redirected expenditure from a centre is directly proportional to the turnover of that centre. Hence more expenditure will be drawn from a centre that has higher trading levels;
3. The level of redirected expenditure from a centre is indirectly proportional to the distance from the Subject Site. This is based on the premise that shoppers will try to minimise distance, time and travel costs when travelling to undertake shopping – particularly “chore” shopping (predominantly for food, groceries and other regular items).

Our methodology will differ from that used in the UEIA but as the UEIA does not clearly set out the methodology approach adopted and it is not possible to ascertain where the differences lie.

For the purposes of our gravity model data has been sourced predominantly from Shopping Centre News 2010/ 2011, the Property Council of Australia, the Illawarra South Coast Retail and Leisure Study (2003) and the Wollongong Retail Centres Study (2004). Our assessment includes an allowance for the provision of additional retail floorspace not modelled in the UEIA impact assessment including Fairy Meadow.

The results from our impact model are shown below:

Table 1 - Retail Impact of proposed Crown Street Development (\$m2010)

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space (sqm)	Turnover in 2010 (\$m)	Turnover in 2013 without Proposal (\$m)	Turnover in 2013 with Proposal (\$m)	Immediate Shift in Turnover (\$m)	% Shift in Turnover in 2013	Turnover from 2010 to 2013 (\$m)	Turnover Shift from 2010 to 2013 (%)
Proposed Development					138	138			
Wollongong Central	0.5	32,300	166.7	174.3	150.9	-23.5	-13.5%	-15.8	-9.5%
Wollongong Balance	1.0	36,100	220.0	230.0	202.0	-28.0	-12.2%	-18.0	-8.2%
Shellharbour RP	16.0	22,150	218.0	234.1	230.4	-3.6	-1.6%	12.4	5.7%
Shellharbour	24.0	38,200	262.2	524.5	513.6	-10.9	-2.1%	251.4	95.9%
Warrawong	6.7	63,200	307.0	321.0	298.4	-22.6	-7.0%	-8.6	-2.8%
Figtree	3.7	28,200	203.8	213.1	200.7	-12.4	-5.8%	-3.1	-1.5%
Dapto	18.0	36,650	264.2	282.0	278.3	-3.7	-1.3%	14.1	5.3%
Corrimal	6.0	27,850	217.0	226.9	219.1	-7.8	-3.4%	2.1	1.0%
Warilla Grove	22.0	11,850	85.0	88.9	88.0	-0.9	-1.0%	3.0	3.5%
Fairy Meadow	4.5	9,000	74.0	77.4	73.7	-3.7	-4.8%	-0.3	-0.4%
Kiama	34.0	4,250	45.0	47.1	46.7	-0.4	-0.8%	1.7	3.7%
Other Localities						-20.7			
TOTAL		309,750	2062.8	2419.3	2440.0	0.0	0.9%	377.2	17.8%

Source: Shopping Centre News (2010/2011), Property Council of Australia, Illawarra South Coast Retail and Leisure Study (2003), Wollongong Retail Centres Study (2004), Hill PDA

Table 1 records comparable impacts to the UEIA in terms of the immediate shift in turnover of Wollongong Central (13.5% reduction in trade at 2013), but records more than double the impact upon Wollongong Balance (12.2% reduction in trade at 2013). However, the turnover shift over time (2010 to 2013) for both Wollongong Central and Wollongong Balance is less than 10% i.e. low to moderate. This level of impact is unlikely to have a significantly detrimental impact upon the existing centre. Although some individual retailers may close as a result of the new development, it will not impact upon the vitality and viability of the centre to a great extent. Beyond 2013 the impacts will lessen.

Warrawong, Figtree and Fairy Meadow are the only other centres which will experience a reduction in trade at 2013 compared to 2010 levels as a result of the proposed development being implemented. These levels of reduction are in the low or modest range.

In summary, impacts resulting from the proposed development are likely to be localised in extent and focused upon Wollongong. In our view the centre has the ability to absorb these economic impacts without adversely impacting upon its role. When the proposed development is viewed in conjunction with WCC, the centre will capture a greater amount of retail expenditure overall and the retail offer of the centre will be enhanced significantly.

Cinema Industry

We have undertaken a review of the UEIA arguments for the provision of an 8-screen cinema as part of the proposed development. Currently Wollongong contains one 3-screen cinema with some 19-screens in total provided elsewhere in the Illawarra Region.

We concur with the approach used in the UEIA. We note however that according to our research the number of cinema admissions per capita in 2009 was 4.3 according to Screen Australia rather than 4.1 used in the UEIA. This

leads to an increase in the number of cinema trips in the trade area by 60,000 visits by 2021 i.e. an additional cinema screen over and above UEIA estimates.

In terms of impact, we agree that the result of developing a cinema of this nature may well lead to the closure of the existing cinema in Wollongong. However, competition between individual traders is not a planning consideration and in any case the implications would be that the WCC provides a more modern, larger cinema facility which can only benefit local residents and strengthen its regional role.

Cinemas are key attractors in that residents will make specific trips to a centre just to undertake a trip to the cinema. They may also frequent retail facilities in the vicinity during such trips, or combine a shopping trip with a trip to the cinema. As such it would be beneficial to the retail sector of WCC and its regional centre role to secure a larger cinema than that already present and one which could compete with the likes of Westfield Warrawong (6-screens) and Stockland Shellharbour (8-screens).

Planning Policy

Illawarra Regional Strategy 2006-2031 (January 2007)

The Illawarra Regional Strategy places importance on economic growth in the Region. A key aspect to the Strategy includes the need to strengthening Wollongong City Centre in order to bring about economic growth. The Strategy seeks to focus employment, economic and residential growth on areas where there is an adequate supply of employment land, particularly in commercial centres such as WCC. The Strategy states that WCC will continue to be developed as an internationally competitive regional city by providing major retail opportunities within it.

We are of the opinion that the proposed development accords with the relevant economic aims of the Illawarra Regional Strategy. This is because it would focus new retail development, which the Strategy seeks to encourage, on WCC. WCC is correctly recognised as being the regional centre in the Illawarra. It should accommodate large retail development such as that proposed which will assist in achieving the wider aims of the Strategy by providing appropriate retail goods and services to cater for planned growth in the Region. Whether that development is within the defined commercial core, or immediately adjacent to it, is irrelevant in our opinion.

Draft Activity Centres Policy (April 2009)

The Draft Activity Centres Policy focuses upon six key principles. These relate to:

- The need to reinforce the importance of centres and clustering business activities;
- The need to ensure the planning system is flexible, allows centres to grow and new centres to form;
- The market is best placed to determine need. The planning system should accommodate this need whilst regulating its location and scale.
- Councils should zone sufficient land to accommodate demand including larger retail formats;
- Centres should have a mix of retail types that encourage competition; and
- Centres should be well designed to encourage people to visit and stay longer.

In the view of Hill PDA the location of the proposed development site is such that it should be considered as forming part of WCC. This is because it is well related to the existing retail area along Crown Street/ Crown Street Mall. The development of this site in the manner proposed would therefore support the existing role of the centre.

It would also ensure competition in the retail market which would benefit shoppers, and given its positioning it could serve to pull shoppers eastwards along Crown Street which may increase pedestrian movement through the centre.

As a result of these factors, we believe that the proposed development is consistent with the Draft Activity Centres Policy.

Draft Competition SEPP (July 2010)

The proposed state-wide planning policy removes artificial barriers on competition between retail businesses. The new Draft SEPP proposes:

- The commercial viability of a proposed development may not be taken into consideration by a consent authority, usually the local council, when determining development applications;
- The likely impact of a proposed development on the commercial viability of other individual businesses may also not be considered unless the proposed development is likely to have an overall adverse impact on the extent and adequacy of local community services and facilities, taking into account those to be provided by the proposed development itself; and
- Any restrictions in local planning instruments on the number of a particular type of retail store in an area, or the distance between stores of the same type, will have no effect.

In our opinion the proposed development is consistent with the draft Competition SEPP because it allows competition between retailers to exist and leaves it to the market to decide what is viable on this site. Although there will be a level of turnover redirection from existing retailers in WCC and beyond we agree with the UEIA in viewing these impacts as being absorbable by existing retail facilities, without undue impact upon existing trading levels and roles. In any case competition between retailers is not a planning concern.

Local Planning Instruments

The local planning documents which we have considered are:

- Wollongong LEP 2009
- Development Control Plan
- Wollongong City Centre Economic Development Strategy (May 2005).
- City Centre Vision

We note that the following in this regard.

Wollongong LEP 2009

- The B4 Mixed Use zoning seeks to support nearby or adjacent commercial centres without adversely impacting on the viability of those centres. In our view the proposal achieves this.

- The proposed development is contrary to the B4 Mixed Uses zoning which prohibits retail premises with floor areas of greater than 400sqm as stipulated in Clause 8.7. The objective of this clause is to limit the size of shops in Zone B4 Mixed Use to ensure that land within Zone B3 Commercial Core remains the principal retail area.

Wollongong City Centre Economic Development Strategy (May 2005)

- The proposed development is consistent with the advice contained in the WCC Economic Development Strategy in that it would support the centres continued development as a Regional Centre which should be the focus for new retail investment. It encourages attracting major new activities to WCC.
- The proposed development is not located within the 'City Core' or adjacent to Wollongong Station, locations within which the WCC Economic Development Strategy seeks to focus new retail development.

City Centre Vision (2006)

- The City Centre Vision seeks to grow jobs in the heart of the City Centre and encourage diverse precincts around it. It seeks to concentrate the highest density of jobs close to the railway station. The revitalisation of WCC is key to the Vision
- The City Edge (east) precinct within which the proposed development is located is defined is promoted for life style and tourist related employment in the future. The Vision seeks to provide for a mix of compatible uses to WCC in this area including retail uses.
- The proposed development is consistent with the strategic aims of the Vision to promote economic diversity and to strengthen the retail sector.

In summary, the proposed development is contrary to some of the aims of the local planning instruments listed above which seek to focus new retail development in the B3 Commercial Core only. However in our view the proposal would form a natural extension to WCC and would undoubtedly improve its current retail offer. As a result it is consistent with the broad aims of such local planning documents by supporting the Regional role and function of WCC and increasing its attractiveness as a shopping destination. The key distinction relates to the development site being zoned B4 rather than B3, however in terms of the day to day functioning of WCC it would effectively function as part of the B3 zoning and, in our view, should be considered within this context.

Key Issues

The Retail Offer

As a Regional centre Wollongong lacks a DDS and a multiplex cinema. This has been noted in previous studies for Council. The lack of such facilities places WCC at a competitive disadvantage to other centres in the Region which do have such facilities, such as Warrawong and Shellharbour. Such uses should be encouraged in order to diversify the retail offer of the regional centre and to better serve local residents. The proposed development on the Dwyer site will meet this objective.

The big question is whether this is the right location for such a development.

Location

The proposed development does not accord with the LEP zones. The LEP's vision or intention is to contain the retail core west of Corrimal Street. The subject site has been identified as periphery area rather than retail core area by its B4 zone.

Also the Dwyer's site it is less well integrated with public transport. The location is at the eastern end of the CBD whereas the railway station is at the western end – some 1.2km away. Hence the subject site has inferior proximity and integration with public transport compared to the alternative (expanded GPT) site in the west end.

However the subject site does have Crown Street frontage. It would anchor the eastern end of the CBD, reinforce the linear or "main street" theme along Crown Street and connect or integrate the CBD better with the entertainment precinct and the beach.

Whilst we are not traffic experts we also believe that from observation the subject site is likely to be less problematic in terms of traffic impacts. Furthermore the west end of the CBD will be difficult to develop with such a mix of uses (with the exception of the GPT site) because of its fragmented ownership.

In terms of reinvigorating the west end and integrating with public transport the approved GPT proposal provides a superior option. But if the proposed development on the Dwyer's site is refused there is still no guarantee that the approved GPT expansion would go ahead. We note that a similar scale of development elsewhere in the western end of Wollongong would be problematic as a result of the difficulty of assembling a site of the requisite size and there is likely to be significant traffic implications.

We should reiterate that the DP&ISRO is optimistic, or believe in all probability, that GPT will expand in the short to medium term. Although they concede that there is always some risk that it won't happen in the foreseeable future.

Availability of Sites

As far as we are aware there is a lack of suitable sites within WCC capable of accommodating development of the scale and nature proposed within the commercial core. Apart from the GPT site the only other site with potential which we are aware of is the Sam's Warehouse site and adjacent car park in the north-west of the commercial core. This site would add some stimulus to the west end of WCC if uses of a similar nature to the Dwyer's site were developed on it and the site is reasonable close to the train station. Notwithstanding this, the site lacks strong exposure to the Princes Highway and would have associated traffic and parking issues.

We also note that the commercial core includes a sizable amount of land which we consider to be inferior to the Dwyer's site. Areas such as the land fronting Smith Street and Ellen Street are further away from Crown Street than the Dwyer's site and are less well related to it. As such notwithstanding the zoning of the Dwyer's site, in our opinion it provides a better site upon which to meet the objectives of planning policy in regards to WCC.

Scenarios

If the proposed development was refused and the GPT expansion did not proceed, then the retail offer in Wollongong will stagnant. This would be the worst possible outcome for Wollongong. Wollongong CBD would continue to lose its dominance in the region – particularly with expansion happening in Shellharbour City.

If both this development and the GPT expansion proceed then it will result in a significant quantum of additional retail floorspace. This outcome however with a supermarket and discount department store anchoring either end of the main street is an attractive model. There are at least three if not four large supermarket operators not represented in the CBD being Coles, Superbarn, Franklins and perhaps Supa IGA (Metcash). There are also at least three potential operators for the two discount department stores being Big W, Kmart and Target. It is still sustainable scenario for Wollongong if both developments proceed. Under this scenario there would be an oversupply of cinema screens and there will be considerable added competition between specialty stores but this should be viewed as a matter of competition between traders in the same centre (Wollongong CBD).

In conclusion we do not believe that refusal of the application is warranted on economic impact grounds. If the application is determined by a refusal it would be for reasons relating to planning and/or other matters.

Should you have any questions, please do not hesitate to contact us in our Sydney office on 02 9252 8777.

Yours sincerely,



Adrian Hack
Principal, Hill PDA

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APPENDIX F RECOMMENDED INSTRUMENTS OF APPROVAL
