

27 January 2016

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Level 7, 10 Valentine Avenue  
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Dear Tim

#### **FIFTEENTH AVENUE, WEST HOXTON – RESPONSE TO SUBMISSIONS**

This letter presents MacroPlan Dimasi's response to the various submissions relating to economic impacts provided as part of the public exhibition phase of the State Significant Development Application for a Staged Commercial Precinct, West Hoxton (SSD 6407) being proposed by the Western Sydney Parklands Trust (WSPT).

MacroPlan Dimasi prepared a report titled *Fifteenth Avenue, Sequential Test and economic & community benefit* assessment in February 2015 as part of the development application.

This letter presents responses to three key submissions from the following parties:

- The NSW Department of Planning and Environment (DPE).
- Liverpool City Council.
- Michael Brown Planning Strategies (MBPS) – on behalf of the owners of Austral Shopping Centre.

### NSW Department of Planning and Environment (DPE)

The NSW DPE raises two points in relation to the economic impact assessment. The first point indicates further justification should be provided as to how the proposal is consistent with the Western Sydney Parklands SEPP, the proposed land uses and the potential social and economic outcomes for Western Sydney. This point is also raised in the MBPS submission.

The consistency with the SEPP is not a matter that we have addressed, as economic experts. The proposed mix of land uses have been based on assessment of the market potential for such uses, which was examined by Hill PDA in its report which formed part of the suite of documents with the application (i.e. Appendix 8). The key findings of the Hill PDA report are reiterated in the MacroPlan Dimasi report, which we generally concurred with, as summarised in Section 4 of our report.

The second point raised by the NSW DPE refers to the submission prepared by MBPS.

### Liverpool Council

Liverpool Council in its submission, indicates that it supports the proposed development, although it recommends that any consent limit the total gross leasable area (GLA) to 6,000 sq.m with no individual tenancy larger than 1,600 sq.m. The justification of these areas is that this would be “*consistent with the size limit for retail premises pertaining to land zoned B6 – Enterprise Corridor under the Liverpool Local Environmental Plan (LLEP) 2008*”. We do not agree with the recommended floorspace cap for individual tenants, as this is a rather arbitrary method of ‘protecting’ surrounding centres that reduces flexibility for tenants/developers and choice for consumers.

Liverpool Council in its submission, considers the assessment of trading impacts on the nearby centres in West Hoxton (i.e. Austral Town Centre) and Austral Village Centre (i.e. Tenth Avenue) to be acceptable, particularly in the context of the significant future population growth expected in the surrounding region and given these centres are earmarked to expand in size and role/function.

Liverpool Council refers to the estimated impacts on the existing retail at West Hoxton (i.e. Austral Town Centre) to be around 10% (actually 9.6%). This represents the impact on this centre’s sales as a proportion of estimated sales in 2018, assuming the Fifteenth Avenue development were not to proceed. There will be future growth available to the incumbent centres prior to the opening of the Fifteenth Avenue development.

Because such strong growth is expected in the coming years, even with an impact of around 10%, the West Hoxton centre's estimated sales would be greater than they were in the year 2014 (the initial assessment year relied on our report) by about 5% – 6% (in constant dollars – i.e. excluding inflation).

Furthermore, as Liverpool Council mentions in its submission, the West Hoxton centre is expected to be subsumed by the larger Austral Town Centre, which is earmarked to be a sub-regional centre supporting up to 25,000 sq.m of retail floorspace in the future, including large full-scale supermarket facilities.

In regards to the Austral Village Centre, estimated impacts are expected to be around half the scale/percentage as those on West Hoxton, i.e. in the order of 5%.

We note that WSPT is not proposing for all of the site to be traditional convenience based retail, only around 2,100 sq.m, with a possible supermarket of around 1,500 sq.m and retail specialties of around 600 sq.m. The remaining floorspace would be considered for a range of uses including child care, small commercial, medical, a service station etc.

### **Michael Brown Planning Strategies**

Michael Brown Planning Strategies (MBPS) provided a submission to the proposed development application with that included some comments in relation to economics as well as comments on the sequential test analysis and other town planning matter. We note that an economic consultant did not provide any input into the MBPS submission.

### **Section 1**

On Page 4 MBPS claims that MacroPlan Dimasi ignores the zoning of the surrounding hierarchy of existing and planned centres in the region around the Austral Town Centre. This is not true – our report clearly examined all of the surrounding centres in the region to determine whether they were practical alternatives to development at the subject site. This assessment is called a Sequential Test and is contained within Section 3 of our report. Furthermore, we examined the likely impacts on the existing and planned centres in the surrounding region.

Notwithstanding that the WSPT can only develop sites within the Western Sydney Parklands (i.e. it is not a normal developer), our analysis of economic impacts on the surrounding centres hierarchy

provides the justification as to why the proposed (small scale) development at Fifteenth Avenue is appropriate in the context of the surrounding centres hierarchy. There is significant planned future growth in the region and the original centres hierarchy envisaged in the planning for the South West Growth Centre was predicated on a future growth picture that had now changed. There is now likely to be extensions to the Leppington train line to connect with the new now confirmed Badgerys Creek Airport, for example, which will likely drive significant additional growth over and above previously forecasted.

## Section 2

On Page 6, it is claimed that the B1 zoned land south of the subject site at Fifteenth Avenue is suitable for the proposed development. Notwithstanding WSPT does not own the land, all of the existing uses would need to be demolished to be replaced by new facilities, which would likely only result in marginal net community benefit. In our view, the proposed WSPT development will help to revitalise the shops in the B1 zone south of Fifteenth Avenue.

On Page 6, MBPS states that the MacroPlan Dimasi comments around the Middleton Grange Town Centre are based on “...*the fact that the Centre must have main road frontage to be viable.*” This is a completely speculative comment and infers that MacroPlan Dimasi included words to this effect in its report. We never stated that an internalised Middle Grange centre is unviable. However, it would most definitely serve a larger trade area if it were located on a main road, such as Fifteenth Avenue for example.

In regards to all of the other points raised in relation to other centres – we make the following comments:

- Our report clearly explains the rationale as to why alternative centres would not be suitable in accommodating the proposed development.
- The WSPT is not a normal developer and cannot develop sites outside the WSP boundaries.
- The proposed development concept is planned to include some high exposure/main road type uses (e.g. service stations, small-scale bulky goods type tenant, a gym, a childcare centre) which, in combination with a small supermarket, are considered to be optimally located at the WSPT subject site on Fifteenth Avenue in order to maximise the benefits to the community.

## Section 3

MBPS claims the report prepared by the McKenzie Group does not address the WSP SEPP, to the extent that it does not demonstrate that any *“...commercial or retail development are consistent with the Metropolitan Strategy, which will deliver benefit social and economic outcomes to western Sydney.”*

It was not the role of the McKenzie Group report to address that issue. This issue has been addressed in the MacroPlan Dimasi report – which examines the likely economic impacts on the surrounding centres hierarchy, which shows that impacts are within acceptable ranges, with no material inputs on the centres identified in the Metropolitan Strategy, and thus, resulting in a positive net community benefit.

#### Section 4

On Page 12 of its submission letter, MBPS outlines the objectives of Clause 16 of the South West Growth Centre SEPP. MBPS then goes on to claim that the proposed development by WSPT at Fifteenth Avenue should be consistent with these objectives because it falls within the West Hoxton precinct in the SWGC indicative layout plan, albeit effectively it is excluded as it forms part of a special area, namely the Western Sydney Parklands.

Notwithstanding the above, at the bottom of Page 12 of its submission, MBPS claims that the proposed WSPT *“...does not have a customer base and is only sustainable if it can attract customers from other centres.”* MBPS then claims that this is *“...not consistent with the....planning documents for the area...”* because of its prior statement about drawing customers from other centres.

Firstly, we have identified a likely trade area served by the proposed WSPT development at Fifteenth Avenue in our report. It clearly will serve a “customer base” although we note that not every person in the defined trade area will use the proposed development, just as not every person in the defined area for the Austral Town Centre will use that particular centre.

None of the objectives listed on Page 12 (re: Clause 16) claim that a new development cannot attract customers from another centre. Every new retail development draws business, to some extent, from other centres/retailers. There is no disputing this typical outcome, however, the degree to which new developments impact other centres is what is of importance.

The MBPS report does not question the accuracy or scale of estimated impacts in the MacroPlan Dimasi report, nor does it provide any alternative quantitative analysis in relation to the scale of estimated trading impacts on other centres. In this regard, MBPS is merely saying that because the proposed development will have *some* impacts, it therefore should not be approved. The whole purpose of an economic impact and community benefit assessment is to assess whether the scale and mix of development proposed is adequate, by assessing whether consequent economic and community impacts are appropriate and within reasonable levels.

Our analysis indicates that impacts are expected to be within appropriate levels and this position is supported by Liverpool Council in its submission, which concurs that estimated impacts are within reasonable levels. Furthermore, because such significant growth is expected in the surrounding region, the trading levels at the nearby impacted centres (assuming no expansions of these centres) will be 5% – 10% above current trading levels in constant dollar terms, even with the proposed WSPT development at Fifteenth Avenue.

Finally, the concluding comments in the MBPS document again make clear that the scale of the impacts are not being questioned, merely that it considers there to be an issues with *“Potential economic impacts on existing centres.”*

## Conclusion

In summary, we make the following comments in relation to the three submissions:

- Liverpool City Council supports the proposed development application, because it considers the estimated economic impacts on surrounding centres to be within acceptable ranges. However, it recommends a total GLA cap of 6,000 sq.m and an individual tenancy cap of 1,600 sq.m.
- The NSW DPE submission essentially requests that the applicants respond to the submission prepared by Michael Brown Planning Strategies (MBPS).
- The MBPS submission contains a number of erroneous statements, which we have provided explanations for in this letter. Essentially the MBPS submission’s key argument in relation to economic impacts, is that there will be *some* economic impacts. It does not question the accuracy or scale of the economic impacts analysis in the MacroPlan Dimasi report.

- Every new retail development draws business, to some extent, from other centres/retailers. There is no disputing this typical outcome, however, the degree to which new developments impact other centres is what is of importance.
- Our analysis indicates that impacts are expected to be within appropriate levels (5% – 10% on the closest centres at West Hoxton/Austral). This position is supported by Liverpool Council in its submission, which concurs that estimated impacts are within reasonable levels. Furthermore, because such significant growth is expected in the surrounding region, the trading levels at the existing centres (assuming no expansions of these centres) will be 5% – 10% above current trading levels in constant dollar terms, even with the proposed WSPT development at Fifteenth Avenue.

Yours sincerely



**James Turnbull**

Senior Manager

Retail