1111-1141 ELIZABETH DRIVE, CECIL PARK

ECONOMIC IMPACT ASSESSMENT

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EXECUTIVE SUMMARY

BACKGROUND

AE design partnership on behalf of Cecil Park Pty Ltd are preparing an Environmental Impact Statement (EIS) in support of a state significant development (SSD) application for 1111-1141 Elizabeth Drive, Cecil Park (referred to as 'the Site'). The Site is located within the Fairfield LGA and the Western Sydney Parklands and is accordingly subject to the provisions of the Western Sydney Parklands SEPP 2009.

A Request for Secretary's Environmental Assessment Requirements (SEARs) was submitted to the Department of Planning and Environment (DPE) in November 2017. DPE issued a SEARs requiring preparation of a detailed EIS, including an assessment of the economic and market impacts likely to result from the development.

AEC Group (AEC) have been engaged by Cecil Park Pty Ltd to firstly provide economic and land use advice on potential land uses for the Site and secondly prepare an EIA to analyse the economic and market impacts likely to result from The Proposal.

PURPOSE & APPROACH

The SEARS seeks, *inter alia*, to understand the impact of The Proposal from a market and economic perspective:

1 Assessment of the impacts of the Proposal on the supply and demand of future land uses proposed.

2 Economic impacts and net community benefit of the Proposal.

In meeting with the requirements of the brief, this Economic Impact Assessment:

- Reviews the strategic context of the Site, including location, surrounding infrastructure programme and projected population growth.
- Considers the role of the Site from a State and local planning perspective, with a particular focus on local planning studies (Council's Centres Study and Policy and Employment Lands Strategy).
- Analyses the potential land uses which would be viable on the Site, considering existing and future market factors and influences.
- Considers and quantifies the economic benefits associated with the selected land uses which could eventuate from The Proposal, including employment generation, construction multiplier impacts, etc.
- Assesses the net economic impact of the Proposal.

THE PROPOSAL

The Proposal is a mixed-use business hub, incorporating a range of land uses including a highway service centre (including a service station and fast food premises), industrial and urban services, large format retail and short-term accommodation.

- Highway service centre (1,858sqm).
- Industrial/urban services (5,669sqm).
- Large format retail (2,250sqm).
- Short-term accommodation - motel (2,545sqm, indicative 73 room facility).

STRATEGIC CONTEXT

The Site is a vacant parcel of land. It is well-positioned to contribute to significant future growth of South-West Sydney. As key infrastructure projects are completed and surrounding residential precincts develop and mature, developments such as The Proposal will be vital to meet the growing demands of the surrounding residential population and workforce.

- **Location**
  The Site is located on the corner of Elizabeth Drive and the M7 Motorway with circa 30,000 vehicles directly passing the Site per day, equating to just under 11 million per annum. Importantly, the Site is located on one of the primary entry points to the Western Sydney Airport with traffic volumes expected to increase by circa 1,120 vehicles per day upon commencement of construction works. The Site has dual access (Elizabeth Drive and Cecil Road) and is within 500m of both northbound and southbound entry/exits points to the M7 Motorway.

  The Site has the capacity to accommodate a range of land uses reliant upon strong access and exposure. Accordingly, the Site is considered well positioned to accommodate both highway service centre, industrial and large format retail type uses such as those identified within The Proposal.

- **State and Local Planning Policy**
  The Proposal is supported by Directions 6 & 7 of the Western City District Plan to provide employment lands close to the future WSA and support the growth of the Western Parkland City. Furthermore, The Proposal is compliant under the Western Sydney Parklands SEPP (2009) and aligns with the strategic objectives of the Western Sydney Parklands Plan of Management (2020) to establish a Business Hub within the area.

- **Infrastructure Investment**
  The Western Sydney Airport is set to comprehensively reshape South West Sydney. The future WSA is located approximately 7.5km west of the Site and will share access from Elizabeth Drive. The Site is expectedly set to experience significant growth in passing traffic from a range of both residents, visitors and workers.

  The Site is also strategically located adjacent other key infrastructure projects, including the North-South Rail Link, M12 Motorway and Outer Sydney Orbital. These projects are expected to generate further population and employment growth and have obvious implications for the demand of urban support services.

- **Population Growth**
  The Site is located proximate a major residential growth centre with a significant increase in population expected over the coming two decades.

Given the Site's prominent location on the corner of Elizabeth Drive and the M7 Motorway, the Site has the potential to play a key role in servicing the immediate catchment and broader South West region.

LAND USE DEMAND

As the South West region continues to develop and mature, there will be commensurate demand for employment floorspace as envisaged within The Proposal.

- **Highway Service Centre**
  Analysis of traffic volumes and expected future population growth indicate demand for highway service centre uses, comprising a service station (with small convenience offering) and fast food outlets. The Site is ideally located to accommodate such land uses given it is located on an arterial road with direct access to the future Western Sydney Airport and has direct access to and from the existing M7 Motorway.

- **Industrial and Urban Services**
  Demand for industrial land within the South West region is strong, driven by improving business conditions, a growing residential population and the comparatively cheap supply of land compared to metropolitan Sydney.

  Given the proximity to the Western Sydney Airport, a range of industrial users would likely be attracted to the Site. Co-location of highway service centre uses would also provide essential amenity to these future workers.

- **Co-Location with Large Format Retail**
  Given demand for any large format retail on the Site is population driven, development of this land use will become viable as the population of the surrounding area expands and matures.

- **Short-Term Accommodation**
  The viability of any short-term accommodation on the Site will be directly linked to the completion of the Western Sydney Airport and commencement of operations. Therefore, development of short-term accommodation on the Site is considered to be a longer-term proposition (to align with completion of the WSA).

ECONOMIC AND MARKET IMPACTS

Drivers of Economic Activity

Economic impacts during the construction phase are temporary in nature whereas economic impacts following construction completion and operations commencement are more permanent in nature.

- **Construction Phase**: Construction activity will draw resources from and thereby generate economic activity in Fairfield LGA during construction of the development.
- **Operations Phase**: On completion, the Site is expected to generate ongoing economic activity through:
    - Direct turnover generated by the motel, retail, food and beverage, and commercial operational activities.
    - Additional tourism and visitation that would not otherwise occur in the Fairfield LGA as a result of additional accommodation supply from the motel. This will provide increased visitor expenditure in Fairfield LGA.

Economic Activity and Economic Impacts

If compared with a base case where the Site remains undeveloped, once fully developed and operational, The Proposal could provide significant economic benefits to the Fairfield LGA each year.

- Economic activity of the proposed uses estimated to support 233 jobs on-site (direct jobs) and 257 indirect jobs elsewhere in the Fairfield LGA.
- The economic activity is estimated to support nearly $150m in output and more than $70m in contribution to GDP with circa $35m in incomes and salaries paid to households.
- The provision of short-term accommodation on the Site is estimated to support additional $720,000 of additional visitor spend in the Fairfield LGA and 27 jobs (21 on-site and 6 jobs elsewhere in the LGA from induced visitor spend).

Delivery of the Proposal contributes to supporting growth of the South West region and the Western City and result in a strong net community benefit.

Market Impacts

The Proposal envisages development of a mixed use business hub comprising a range of land uses, including highway service centre uses, industrial, large format retail and short-term accommodation.

- **Highway Service Centre**
  Review of the existing market indicates there is very few highway service centres easily accessible from the M7 Motorway; the closest offering at Horsley Park is small and difficult to access. The Proposal has the opportunity to meet a growing market demand for highway service centre uses and is unlikely to negatively impact surrounding service centres which generally derive trade from the surrounding population catchment as opposed to traffic generated from the M7 Motorway.
- **Industrial**
  Market demand for industrial land across the South West region is strong as improving business conditions, infrastructure improvements and affordable price points drive interest in the area. Well-located industrial sites adjacent major arterial roads are highly desired from a range of industries, particularly transport and logistic operators.

  The Site's strategic location adjacent major arterial roads and proximate to future residential precincts positions it well to support future population and business growth. This would contribute to the relatively modest supply of serviced land in the South West region.
- **Large Format Retail**
  Co-location of large format retail with light industrial uses is commonly observed throughout metropolitan Sydney. Given the modest component of large format retail floorspace proposed, the impact to the existing retail centres hierarchy is likely to be nominal and not result in any 'unacceptable economic impacts'.

- **Short-Term Accommodation**
  The Western Sydney Airport will undoubtedly drive demand for short-term accommodation uses within the Catchment Area into the future in order to service a growing visitor and worker population. Accordingly, delivery of short-term accommodation of the Site is considered to provide a positive market impact.

Broadly speaking, development in the Catchment Area is relatively undefined and sparse in nature. Consequently, new development that responds to market demand is unlikely to adversely impact existing markets.

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1. INTRODUCTION

1.1 BACKGROUND AND OVERVIEW

AE design partnership on behalf of Cecil Park Pty Ltd are preparing an Environmental Impact Statement in support of a state significant development (SSD) application for 1111-1141 Elizabeth Drive, Cecil Park (referred to as 'the Site'). The Site is located within the Fairfield LGA and the Western Sydney Parklands and is accordingly subject to the provisions of the Western Sydney Parklands SEPP 2009.

A Request for Secretary's Environmental Assessment Requirements (SEARs) was submitted to the Department of Planning and Environment (DPE) in November 2017. The Request for SEARs did not include a concept or development plan and primarily sought approval for demolition of existing structures, subdivision into 14 allotments, preliminary earthworks, road networks and landscaping. DPE subsequently issued a SEARs in November 2017 requiring preparation of a detailed Environmental Impact Statement (EIS), including an assessment of the economic and market impacts likely to result from the development.

AEC Group (AEC) have been engaged by Cecil Park Pty Ltd to firstly provide economic and land use advice on potential land uses for the Site and secondly prepare an EIA to analyse the economic and market impacts likely to result from The Proposal.

1.2 THE SITE

The Site is located within the semi-rural suburb of Cecil Park, on the northern side of Elizabeth Drive. The Site is bounded by Cecil Road to the west, Elizabeth Drive to the south, Wallgrove Road and the M7 Motorway to the east and the Western Sydney Parklands to the north.

Comprising a site area of approximately 7.38ha (Lot 2, Section 4, DP 2954), the Site is privately-owned and located within the southernmost boundary of the Western Sydney Parklands. The Site is currently improved with a two-storey brick dwelling and ancillary sheds being primarily used for rural residential purposes. Sparse bushland is observed along the western and northern borders of the Site, with a large dam located in the northern corner.

Figure 1.1 depicts the location of the Site.

Figure 1.1: Location Map

Source: Nearmap

The Site bears substantial frontages to Elizabeth Drive and Cecil Road (164.5m and 134.3m, respectively). The Site appears generally flat with moderate sloping observed along the western and south-western corners.

1.3 THE PROPOSAL

The development envisaged for the Site (referred to as 'The Proposal') is a mixed-use business hub, incorporating a range of land uses including a highway service centre (including a service station and fast food premises), industrial and urban services, large format retail and short-term accommodation.

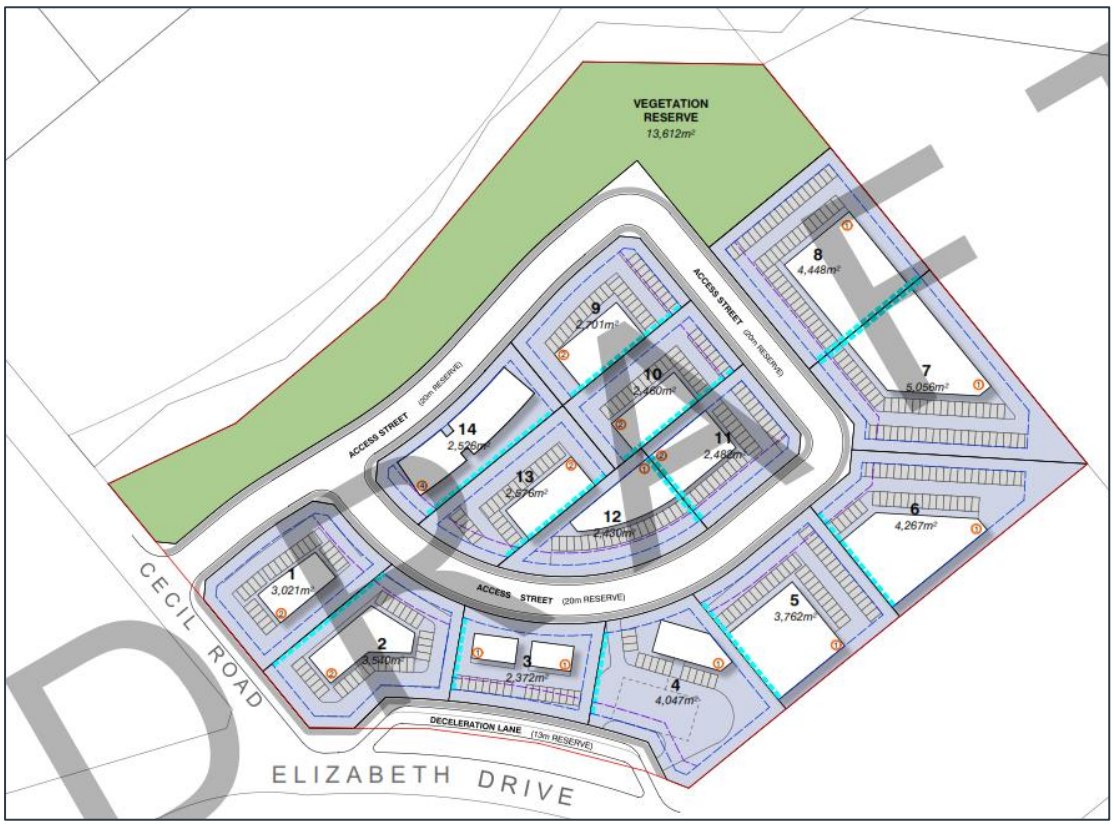
An indicative layout plan provides for a total of 12,324sqm of gross floor area across a total of 14 allotments. This is detailed below in Table 1.1 and illustrated in Figure 1.2.

Table 1.1: Indicative Yield

Lot	Site Area (sqm)	Indicative GFA (sqm)	Land Use
1	3,021	759	Industrial/Urban Services
2	3,540	1,119	Highway Service Centre - service station - fast food outlets
3	2,372	391	
4	4,047	348	
5	3,762	1,080	Large Format Retail
6	4,267	1,169	
7	5,056	1,313	Short-term Accommodation (Motel)
8	4,448	1,231	
9	2,701	1,121	Industrial/Urban Services
10	2,460	933	
11	2,482	544	
12	2,430	562	
13	2,576	983	
14	2,430	765	
Total	**45,592**	**12,324**	

Source: AEC/ae design partnership

Figure 1.2: Indicative Layout Plan



Source: ae design partnership

1.4 SCOPE AND PURPOSE

The SEARS request seeks, *inter alia*, to understand the impact of The Proposal from both a market and economic perspective:

1 Assessment of the impacts of the Proposal on the supply and demand of future land uses proposed.

2 Economic impacts and net community benefit of the Proposal.

In meeting with the requirements of the brief, this Economic Impact Assessment:

- Reviews the strategic context of the Site, including location, surrounding infrastructure programme and projected population growth.
- Considers the role of the Site from a State and local planning perspective, with a particular focus on local planning studies (Council's Centres Study and Policy and Employment Lands Strategy).
- Analyses the potential land uses which would be viable on the Site, considering existing and future market factors and influences.
- Considers and quantifies the economic benefits associated with the selected land uses which could eventuate from The Proposal, including employment generation, construction multiplier impacts, etc.
- Assesses the net economic impact of the Proposal.

Note that this Economic Impact Assessment does not consider other issues related to The Proposal including transportation, traffic, urban design, etc.

1.5 STRUCTURE OF THE STUDY

This EIA has been structured in the following manner:

- **Chapter 1: Introduction**
  This Chapter provides an overview and background of the Study and Site, the scope, purpose and overall structure of the report.
- **Chapter 2: Strategic Context**
  This Chapter reviews the strategic context of the Site and The Proposal, the surrounding infrastructure pipeline (proposed and committed), population growth projections and the context of The Proposal from a State and local planning policy perspective.
- **Chapter 3: Land Use Analysis**
  This Chapter investigates the likely land uses which would be viable on the Site from a market perspective, considering both existing and future demand and supply.
- **Chapter 4: Economic Impact Assessment**
  This Chapter evaluates at a high level the potential economic and market impacts that could result from development of the Site into the identified land uses.

1.6 ASSUMPTIONS AND LIMITATIONS

Input-Output modelling has been used in assessing the economic impacts of The Proposal, and this methodology is subject to a range of assumptions and limitations. An overview of the broad assumptions and limitations of Input-Output modelling is presented in Appendix A.

In addition to the general assumptions and limitations inherent in Input-Output modelling, assumptions have been made regarding where goods and services are likely to be sourced during construction of The Proposal. The accuracy of the estimated economic impacts are limited by the accuracy of the assumptions used for construction and ongoing enabled activity.

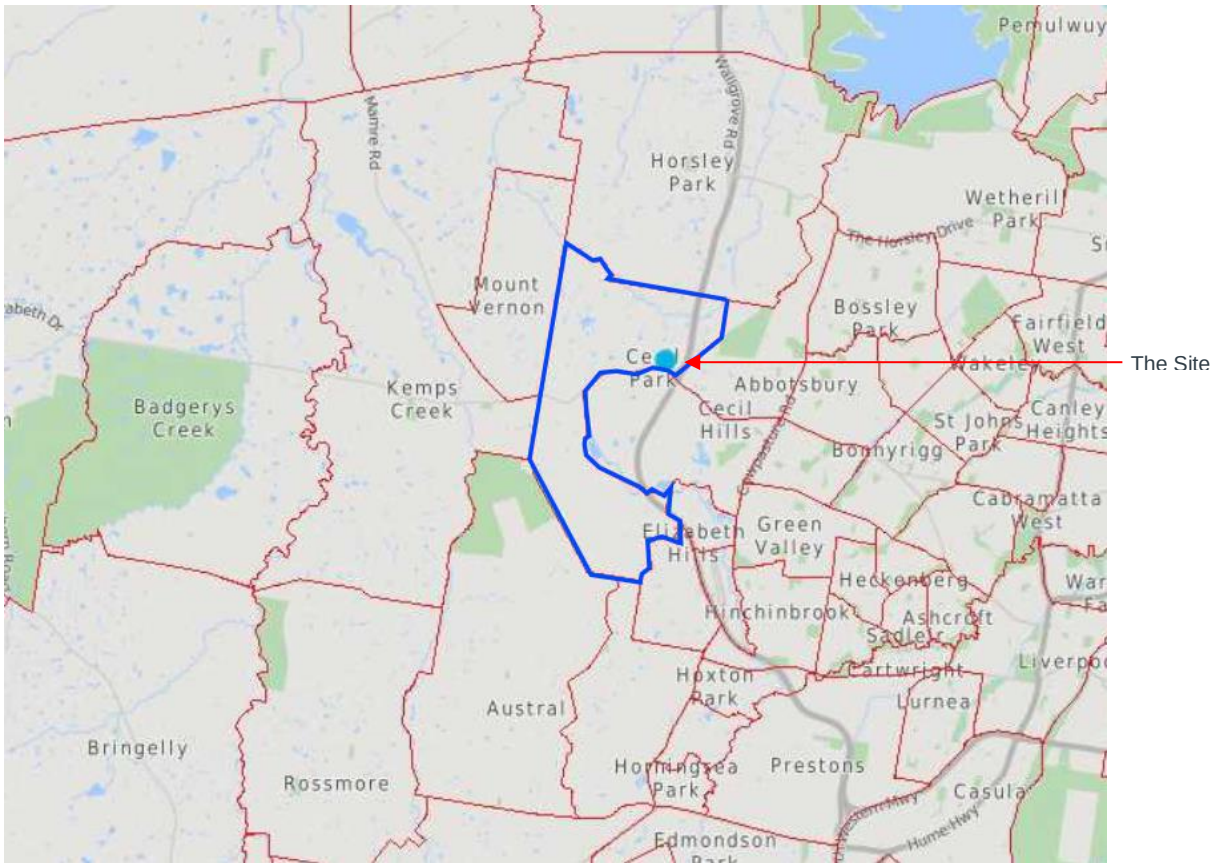
This EIA is to be used for Cecil Park Pty Ltd's internal planning and statutory planning purposes only and is not to be used for investment or financing purposes.

2. STRATEGIC CONTEXT

2.1 LOCATION

Cecil Park is a peri-urban suburb immediately west of the M7 Motorway within the Fairfield Local Government Area (LGA). The closest local centre proximate is Cecil Hills approximately 1.4km east with the strategic centres of Liverpool and Leppington (8.8km east and 9.2km south, respectively).

Figure 2.1: Location Map



Source: ABS

Elizabeth Drive

Elizabeth Drive is a major arterial road connecting The Northern Road at its western end, and the M7 Motorway to the Hume Highway at Liverpool in the east. From The Northern Road and the Mamre Road roundabout, Elizabeth Drive comprises an undivided carriageway with one lane in each direction, subject to an 80 km/h speed limit. The Site is located within the stretch of Elizabeth Drive from Mamre Road and the M7 Motorway, which has two eastbound lanes and one westbound lane, also subject to an 80 km/h speed limit.

Average daily traffic volume data for Elizabeth Drive is available from permanent roadside traffic collection devices. Roads and Maritime Services has approximately 600 permanent roadside collection device stations which continuously collect traffic information 365 days per year. There also numerous sample roadside collection devices across NSW, which collect information on a short term basis usually over a two week period.

Table 2.1 analyses RMS average annual daily traffic (AADT) volumes from permanent traffic stations along Elizabeth Drive. Two traffic collection points are analysed however traffic flows at the *Elizabeth Drive – Cecil Hills* collection point are of most relevance given the collection device is located proximate to the Site along Elizabeth Drive west of the M7 Motorway.

Table 2.1: AADT Traffic Volume Data (Average Annual Daily Traffic)

Location	Direction	2008	2008 Combined	2017	2017 Combined	Av. Annual Growth
Elizabeth Drive at Cecil Hills	Westbound	10,934	22,536	14,725	29,944	3.2%
	Eastbound	11,602		15,129		
Elizabeth Drive at Bonnyrigg	Westbound	18,622	35,181	19,400	40,871	1.7%
	Eastbound	16,559		21,471		

Source: RMS (2018)

As observed from Table 2.1, the Site currently experiences approximately 30,000AADT as per the combined traffic volumes observed at the *Elizabeth Drive at Cecil Hills* traffic station point. Traffic volumes are observed to have grown circa 3.2% per annum over the 2008-2017 period, with volumes slightly higher along the eastbound lane which is directly accessible from the Site.

Westlink M7 Motorway

The Westlink M7 Motorway is a major arterial road and forms part of the larger Sydney orbital network, providing connections to metropolitan Sydney via uninterrupted links to the M2, M4 and M5 Motorways. Direct access from Elizabeth Drive to the M7 Motorway is provided from northbound and southbound entry/exit points which are located approximately 500m and 200m east of the Site, respectively.

The M7 Motorway currently experiences over 185,000 vehicle movements per day, equating to 67.5 million movement's per annum (Transurban, 2017). Growth in traffic volumes since 2012 has been significant, with an average annual growth of 6.2% analysed.

2.2 STATE PLANNING POLICY

2.2.1 Western City District Plan (2018)

The Western City District Plan (referred to as the 'Plan') sets out a 20-year vision, priorities and actions for Greater Sydney's Western City District, which includes the local government areas of Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly.

The Plan aims to deliver on its four key themes:

- Infrastructure and Collaboration (Directions 1 and 2).
- Liveability (Directions 3, 4 and 5).
- Productivity (Directions 6 and 7).
- Sustainability (Directions 8, 9 and 10).

The Plan recognises different approaches to planning and delivery of infrastructure, housing and jobs are necessary - to reflect areas of nationally significant infrastructure investment, urban renewal corridors, land release areas, or specific strategic centres and precincts.

A central component of the Plan is the establishment of the 'Western City' - a city centred around the Western Sydney Airport and Badgerys Creek Aerotropolis which will create a once-in-a-generation economic boom, bringing infrastructure, businesses and knowledge-intensive jobs for residents.

Planning for the Western Sydney Airport and Badgerys Creek Aerotropolis will be coordinated through the Western Sydney City Deal which will involve collaboration between the Greater Sydney Commission, Australian Government, NSW Government and local councils of Blue Mountains, Camden, Campbelltown, Fairfield, Hawkesbury, Liverpool, Penrith and Wollondilly.

The significant investment into the region supported by long-term strategic planning has direct implications for the role of the Site in supporting the future Western Parklands City. The Proposal is generally supported by Directions 6 & 7 of the Plan, which seek to provide employment lands close to the future WSA and support the growth of the Western Parkland City.

2.2.2 State Environment Planning Policy (Western Sydney Parklands) (2009)

The Western Sydney Parklands SEPP (WSP SEPP) is the principal planning document governing land use and development of land within the Western Sydney Parklands. The WSP SEPP is administered by the Western Sydney Parklands Trust.

Land use and development on private land within the Western Sydney Parklands is subject to cl.11 and cl.17 of the WSP SEPP.

Clause 11 – Land Uses

Clause 11 of the WSP SEPP stipulates the following key requirements for land uses:

(1) The following development may be carried out on land in the Western Parklands without consent, but only if it is carried out by or on behalf of a public authority:
amenity facilities; community facilities; depots; entertainment facilities; environmental facilities; environmental protection works; function centres; information and education facilities; kiosks; public administration buildings; recreation areas; recreation facilities (outdoor); restaurants or cafes; roads; signage (for directional, informative, or interpretative purposes); ticketing facilities.

(1a) Development for the purposes of extensive agriculture, other than farm buildings, may be carried out on public land in the Western Parklands without consent unless the land is in an environmental conservation area as shown on the Environmental Conservation Areas Map.

(2) Any development not specified in subclause (1) or (3), or permitted without consent by subclause (1A), may be carried out in the Western Parklands only with consent.

(3) Development for the purposes of residential accommodation is prohibited in the Western Parklands.

Given the Site is privately-owned, and agricultural or residential uses are not envisaged in the future development of the Site, Clause 11 (2) is applicable. The Proposal is permissible under Clause 11, subject to other provisions of the WSP SEPP, specifically Clause 17.

Clause 17 – Development on Private Land

Clause 17 of the WSP SEPP states the following key requirements for development of private lands within the Western Sydney Parklands:

Development consent must not be granted to development on private land in the Western Parklands unless the consent authority has considered the following:

a) whether the development will contribute to or impede the implementation of the aim of this Policy,

b) the need to carry out development on the land,

c) the imminence of acquisition of the land,

d) the effect of carrying out the development on acquisition costs,

e) the effect of carrying out the development on the natural systems of the Western Parklands,

f) the cost of restoring those systems after the development has been carried out.

The requirements of Clause 17 are understood to have been considered and addressed within the original Request for SEARs (November 2017).

Accordingly, development of the Site as envisaged within The Proposal is considered to be consistent with the requirements of the WSP SEPP.

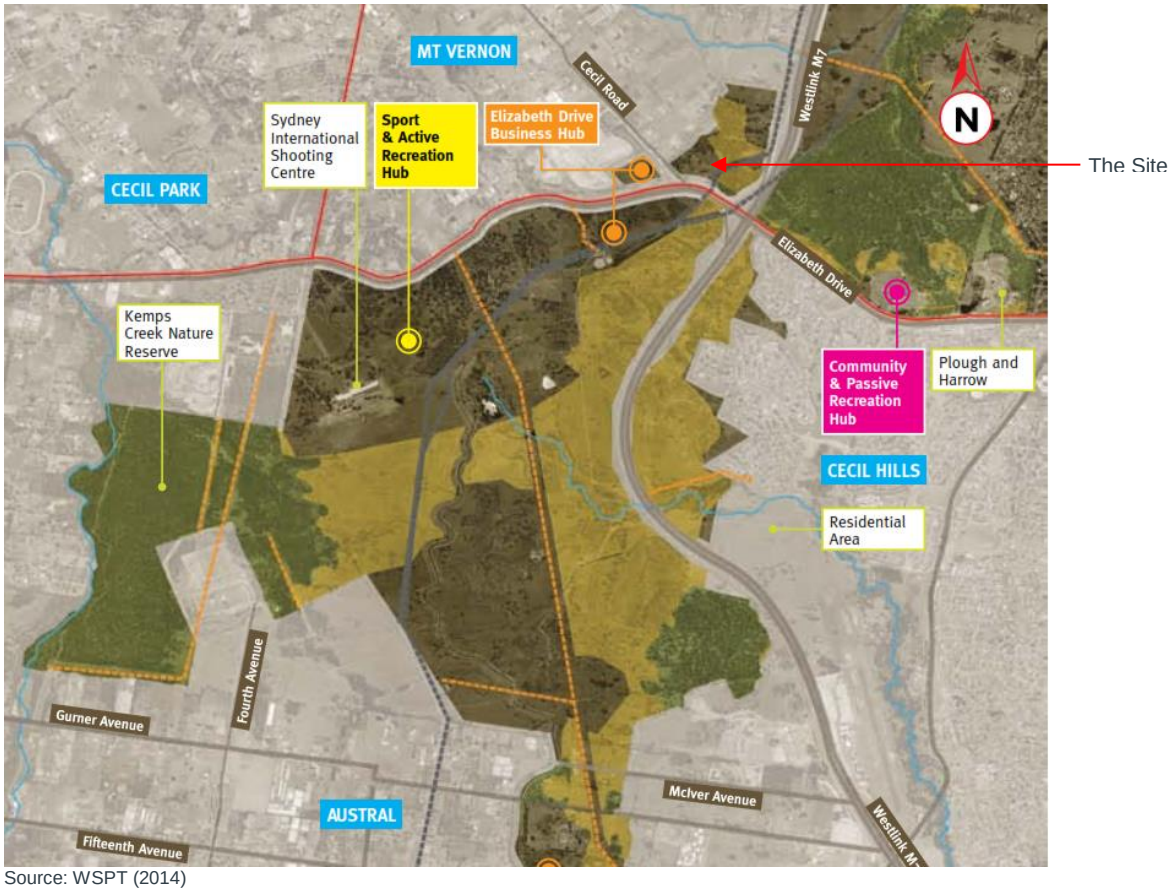
2.2.3 Western Sydney Parklands Plan of Mangement 2020 (2014)

The Western Sydney Parklands Plan of Management 2020 (Plan of Management) is the primary strategic management framework for the Western Sydney Parklands. A series of key strategies, objectives and actions are outlined within the Plan of Management, with a focus on establishing urban farming land, increased visitation,

increased recreational events, development of additional income sources and the establishment of a series of business hubs within key locations across the Parklands.

The Plan of Management identifies a total of nine potential business hub locations across the Parklands. A vacant site at 1143-1167 Elizabeth Drive (immediately west of the Site) was identified as the Elizabeth Drive Business Hub with a number potential land uses identified, including warehouses, storage and distribution premises, transport services, tourist and visitor accommodation, business and office premises.

Figure 2.2: Elizabeth Drive Business Hub, Western Sydney Parklands Plan of Management 2020



Source: WSPT (2014)

It is understood the Western Sydney Parklands Trust do not currently own the proposed site for the Elizabeth Drive Business Hub and there has been no attempt to compulsorily acquire the land to date. As the proposed location for the Elizabeth Drive Business Hub is not currently controlled by the Western Sydney Parklands Trust, development of the Site is considered to a logical alternative to achieve the strategic objectives outlined within the Plan of Management.

2.3 LOCAL PLANNING POLICY

2.3.1 Fairfield City Councils Centres Study & Policy (2015)

The Fairfield City Centres Study 2015 and associated Fair City Centres Policy 2015 (the Study and Policy) sets the vision for the economic development of the Fairfield LGA. The Study and Policy define a centres hierarchy and provide strategic recommendations to guide future development within the LGA.

Key recommendations of the Study and Policy which are of relevance to The Proposal include:

- Future retail growth should be accommodated within existing centre boundaries.
- New neighbourhood shops should not be located within 1km of another neighbourhood shop with the exception of service stations incorporating a convenience store function.

- Encourage the conversion of lower order industrial uses fronting major roads to large format retail uses.
- Recognise the important role of service stations within centres and their co-location with fast food and convenience stores.

Unacceptable Economic Impacts

The Policy seeks to avoid 'unacceptable economic impacts' that may arise from retail and commercial development. Unacceptable economic impacts typically are identified as negative competitive impacts to existing retailers or centres which may result from new development.

Section 6.3.1 of the Policy outlines the following developments which are required to demonstrate that no unacceptable economic impacts result:

- Specialist centres;
- New full-line supermarkets;
- Discount department stores;
- Any retail/commercial development in excess of 2,500sqm GFA;
- Development applications proposing to utilise existing use right provisions under the Environmental Planning and Assessment Act 1979.

2.3.2 Employment Lands Strategy (2008)

The Fairfield Employment Lands Strategy 2008 (prepared by Hill PDA on behalf of Fairfield City Council) is a strategic document which provides the vision and planning framework for employment lands with the Fairfield LGA. The Employment Lands Strategy (ELS) informed land use planning in the preparation of the Fairfield Local Environment Plan 2013 (FLEP).

The ELS identified a number of key guiding principles for industrial and employment lands within the LGA, with the following considered of relevance to The Proposal;

- Promotion of a robust and diverse employment area, particularly urban services which support the surrounding residential population.
- Preserve zoned land that can accommodate relatively large floor plates (large sized lots) and that highly accessible to the surrounding road network.
- Encourage the clustering of businesses to reduce land use conflicts, improve business efficiency and identity.
- Consider bulky goods retailing outside of commercial centres and within industrial precincts where exposure and accessibility to arterial roads is available.

We note the WSP SEPP is the primary planning document governing land use on the Site. Accordingly, the FLEP does not designate land use controls for the Site and was therefore not considered in the ELS. However, in considering the above principles, The Proposal is considered to align with the strategic vision of the ELS:

- The Site is strategically located on the corner of Elizabeth Drive and the M7 Motorway which are both major arterial roads.
- The Proposal envisages a variety of uses to service the surrounding population.
- The Site is large and can there accommodate a number of large sized lots for a variety of land uses.
- The Proposal will allow for a number of similar uses to cluster (service centre uses, urban services).
- The small component of bulky goods proposed on the Site is considered appropriate given the high level of exposure and strong accessibility given its location.

2.4 INFRASTRUCTURE PROGRAMME

The South West region of Sydney region is a significant focal point of transport infrastructure with a number of projects at various stages of planning and delivery. Focused in and around the Western Sydney Airport, a series of road and rail projects currently being investigated and delivered will significantly alter the potential role of the Site.

The Western Sydney City Deal is a key strategic planning and investment agreement for the region which will drive economic and employment growth within South West Sydney. The formal agreement between Commonwealth, State and eight Western Sydney local governments (including Fairfield) seeks to catalyse development around the Western Sydney Airport and coordinate a program of infrastructure investment. The Deal was formally signed in March 2018 with the key commitment arising from the agreement being a North-South Rail Link from St Marys to the Western Sydney Airport.

The significant volume of infrastructure investment being planned and delivered within Western Sydney underpins a concerted whole-of-government approach to developing the Western City as envisaged in the Draft District Plans.

The core elements of infrastructure investment which will influence the role of the Site are discussed below.

Western Sydney Airport

The Western Sydney Airport (WSA) will shift economic and employment activity towards western Sydney. The current declared area of the WSA is approximately 1,780ha, being bounded by Elizabeth Drive to the north, Badgerys Creek to the south-east, The Northern Road to the south and private lands to the west (DIRD, 2016a).

The WSA is expected to be operational by 2026 and service approximately 5 million passengers, rising to 10 million passengers in 2031 (DIRD, 2016). Long-term projections suggest the WSA is expected to accommodate approximately 82 million passengers per annum by 2063.

The Western Sydney Airport will provide obvious access benefits for residents within Western Sydney and convey major economic and employment opportunities upon commencement of operations. Employment projections indicate the WSA will accommodate circa 28,000 direct and indirect jobs by the 2031, growing to 48,000 by 2041 (DIRD, 2016).

Crucial to this EIA is the proximity of the Western Sydney Airport to the Site, being 7.5km to the east along Elizabeth Drive. Given Elizabeth Drive will provide a key access route to the WSA (notwithstanding completion of the M12 motorway), the Site is set to significantly benefit from an increase in traffic flows along Elizabeth Drive following completion of the WSA.

Traffic generation along Elizabeth Drive is also forecasted to significantly increase during the construction phase of the WSA over the course of 2018 to 2026. Traffic modelling undertaken as part of the *Western Sydney Airport Environmental Impact Statement (2016)* identified an additional 1,250 vehicle movements per day on the surrounding road network during the construction phase, with Elizabeth Drive likely to experience the majority of these additional movements (DIRD, 2016).

Figure 2.3: Western Sydney Airport, Location Map

Source: DIRD (2016)

North-South Rail Link and South-West Rail Extension

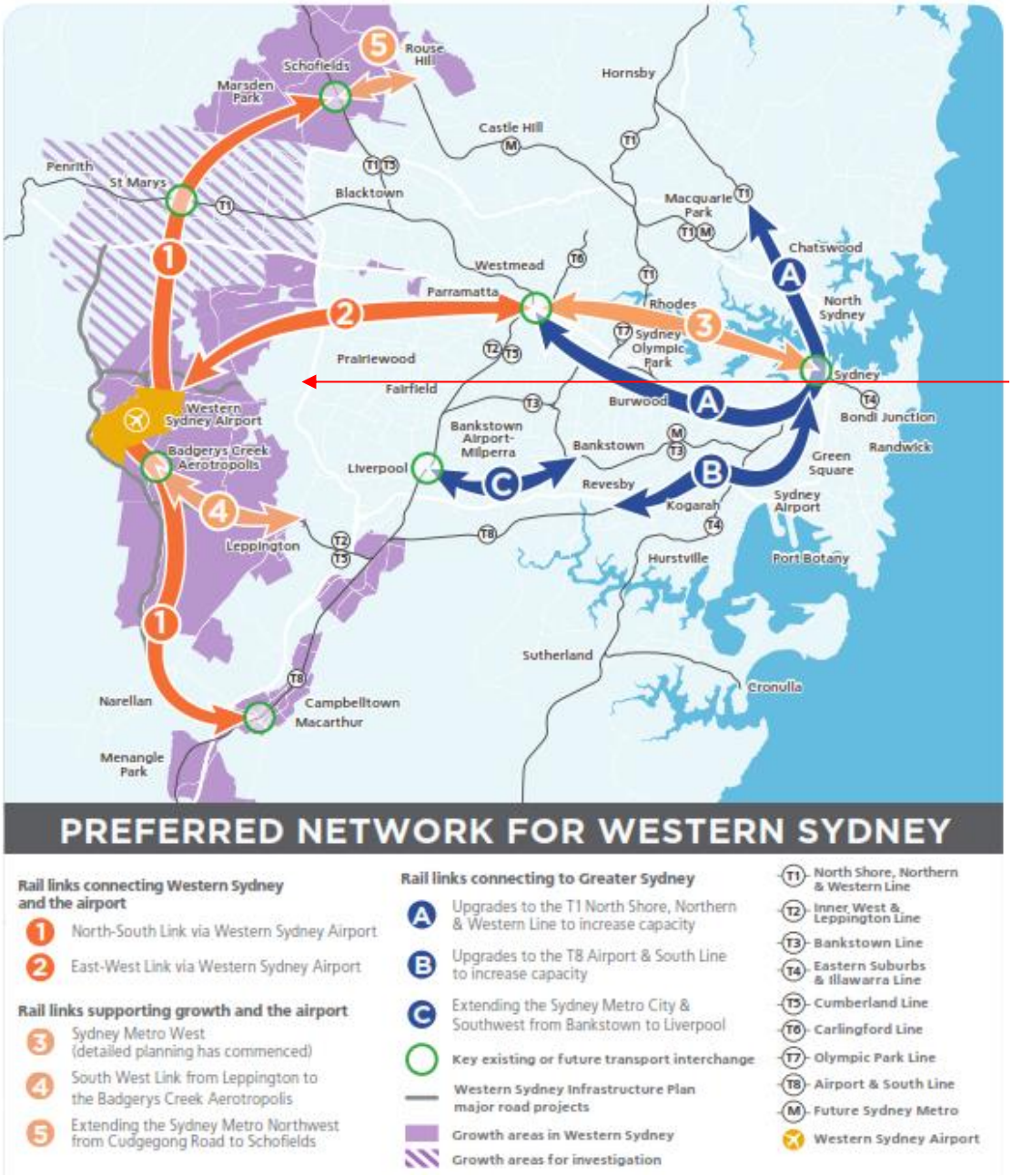
The North-South Rail Link (NSRL) and South-West Rail Extension (SWRE) was one of six options considered in the joint Commonwealth and NSW Government *Western Sydney Rail Needs Scoping Study* which investigated potential routes to support the Western Sydney Airport.

The NSRL would extend from the T1 Western Line at Schofields in the north to the T2 South Line at Macarthur via a new station at the WSA. An additional spur from a new station at Bringelly would link to the existing South West Rail Link terminus in Leppington.

An *Outcomes Report* (March 2018) identified the NSRL as the preferred rail option to service the WSA. Commitment to Stage 1 of the NSRL was provided by the Commonwealth and NSW Governments in conjunction with the Western Sydney City Deal in March 2018. Stage 1 includes a link from the T1 Western Line at St Marys to the future station at the WSA, with completion scheduled to align with the WSA in 2026.

Figure 2.4 depicts the NSRL and SWRE in context of South West Sydney and the Site.

Figure 2.4: North-South Rail Link and South-West Extension



Source: TfNSW (2016)

Western Sydney Infrastructure Plan

The key strategic document guiding the planning and delivery of road infrastructure within Western Sydney is the *Western Sydney Infrastructure Plan* (RMS, 2016), a joint Commonwealth and NSW Government strategic 10-year project planned to deliver circa $3.6 billion road infrastructure investment. The key objective of the *Plan* is to support and capitalise on the benefits of WSA, with an upshot being the drastically improved accessibility for precincts within the SWPGA, including the Study Area.

The *Plan* comprises funding for a mix of major and local road upgrades. Significant projects currently funded under the *Plan* with direct implications for the Site include:

- **M12 Motorway ($1.25 billion)**
  The 14km M12 motorway is proposed to connect the M7 Motorway near Cecil Hills to The Northern Road at Luddenham, providing direct access from the Sydney motorway network to the Western Sydney Airport. The

roadway is to be motorway grade with four lanes, potentially expanded to six lanes in the future. The project is expected to commence in 2020 with completion scheduled for 2024.

The eastern entry to the M12 motorway is circa 1km south of the Site from the existing M7 Motorway. The M12 will not directly link with Elizabeth Drive and will traverse the road (either via a tunnel or viaduct) at the intersection of Mamre Road and Elizabeth Drive.

The primary factor supporting the need for the M12 is to provide a direct link from the existing orbital network to the WSA and avoid significant congestion on Elizabeth Drive which would have otherwise resulted. Despite this, traffic modelling for the WSA EIA indicates Elizabeth Drive ill experience an increase in traffic volumes following completion of the M12 in 2024 (DIRD, 2016).

- **The Northern Road Upgrade ($1.6 billion)**
  The 35km upgrade of The Northern Road from The Old Northern Road (Narellan) to Jamison Road (South Penrith) is delivered in six stages. Stage 1 (Old Northern Road, Narellan to Peter Brock Drive, Oran Park) involves the construction of 3.3km new road, currently under construction and due for completion in 2018.

  Stage 2 will comprise circa 11km of upgrade roadway featuring six lanes and six intersections, including a major interchange at The Northern Road and Bringelly Road. Stage 2 construction is expected to commence in late 2017 with completion scheduled for 2020. The Site has a direct frontage to this section of the upgrade and will benefit significantly from the increased north-south access.

  The remaining stages are currently in planning stages with completions also scheduled for 2020.

- **Bringelly Road Upgrade ($509 million)**
  A 10km upgrade of Bringelly Road is being delivered across two stages between Camden Valley Way at Leppington and The Northern Road at Bringelly. Part of the upgrade will involve increasing Bringelly Road from two lanes to a six lane divided road through the future Leppington Town Centre with the remainder increasing to a four lane divided road with capacity for two additional lanes in the future. Both stages of the upgrade are currently under construction with Stage 1 scheduled for completion in late 2017 with Stage 2 due for completion in 2020.

Outer Sydney Orbital

The Outer Sydney Orbital would comprise a 70km major motorway linking the Hills LGA in the north (Windsor Road) to the Camden LGA in the south (Hume Highway) with an associated freight rail line being considered to run parallel to the proposed motorway. The project is set to dramatically improve freight connectivity between metropolitan Sydney and regional NSW. Funding for early planning has been provided with technical studies currently being tabled; should the project receive Government endorsement completion would be post 2036.

2.5 OUTLOOK FOR POPULATION GROWTH

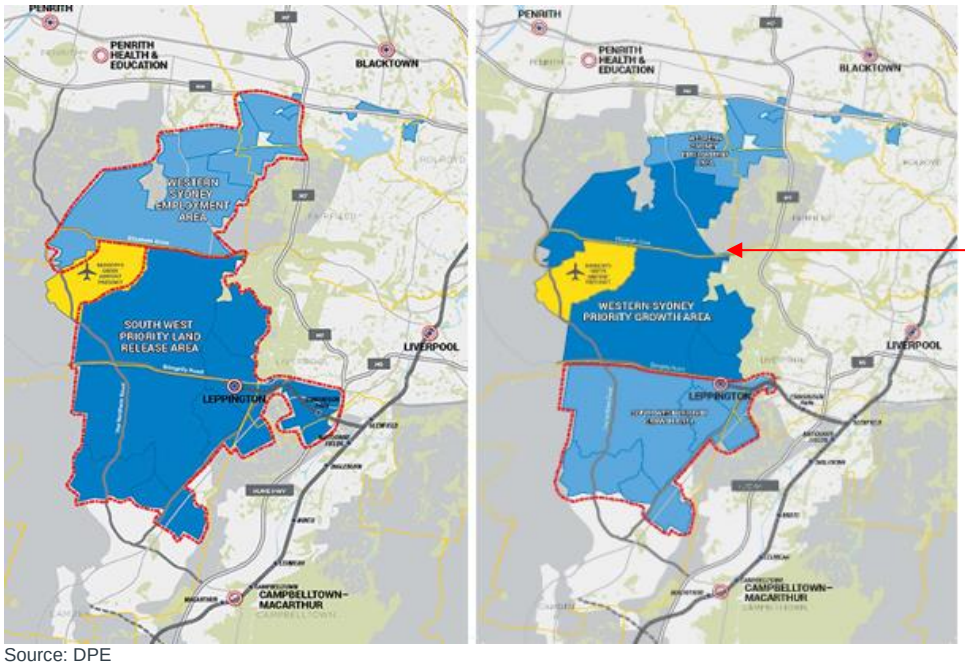
Precinct planning within South West Sydney is the fundamental enabler of population growth within the region over the coming 20 years. Of key relevance to this Study is the former South West Growth Centre, now known as the Western Sydney and South West Priority Growth Areas.

The former South West Growth Centre (SWGC) was initially established in 2006 via the introduction of the State Environmental Planning Policy (Sydney Region Growth Centres) 2006 (Growth Centres SEPP). The former South West Growth Centre was approximately 17,000ha in size and straddled the local government areas of Liverpool, Camden and Campbelltown. The SWGC comprised 18 precincts, eight of which have been released and/or rezoned for urban development.

In line with formal commitment of Commonwealth funding to the Western Sydney Airport in 2017, the former SWGC was realigned to form the Western Sydney and South West Priority Growth Areas. The realignment has broadly resulted in precincts north of Bringelly Road becoming part of the Western Sydney Priority Growth Area with the remaining precincts south of Bringelly Road forming part of South West Priority Growth Area.

Figure 2.5 illustrates the broad boundary realignment and the newly created SWPGA and WSPGA in the context of the Site.

Figure 2.5: Boundary Realignment, WSPGA and SWPGA



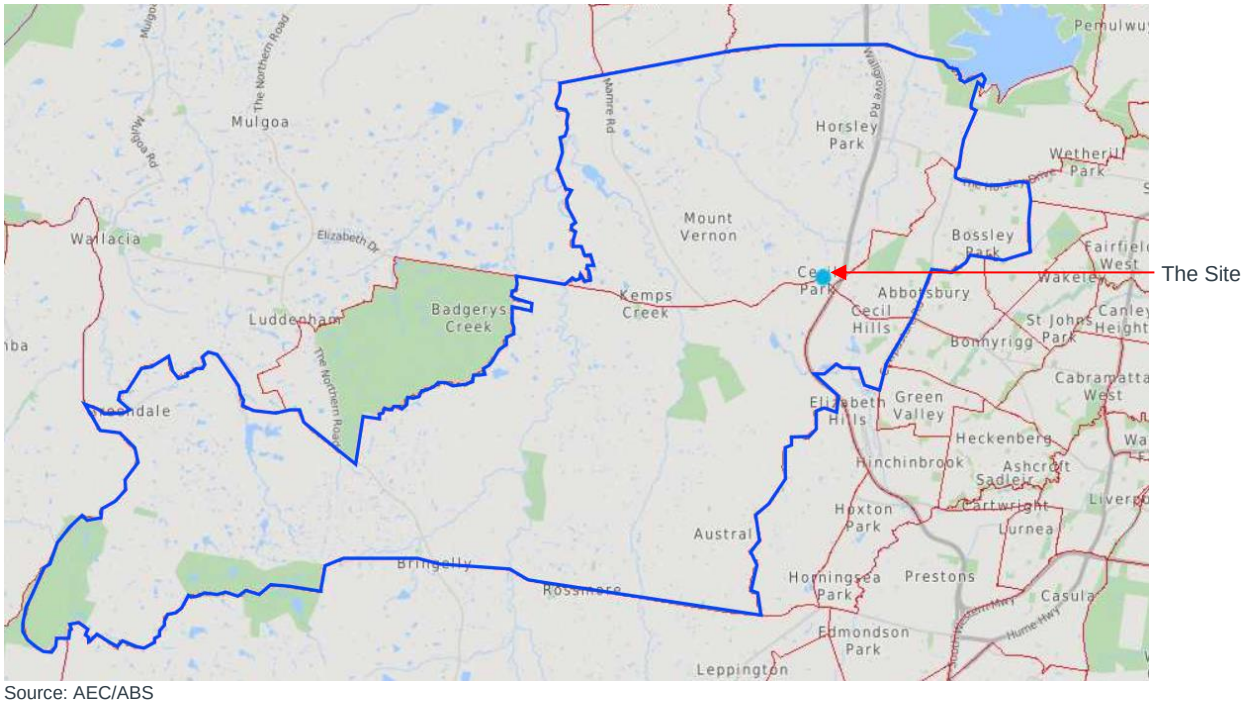
Source: DPE

As observed from Figure 2.5, the Site is located outside but immediately east of the WSPGA. Key residential precincts within the WSPGA proximate to the Site include Austral, Leppington North, and Edmondson Park. We note the majority of precincts within the WSPGA have yet to be released for further precinct planning.

Population growth forecasted in the region immediately surrounding the Site is a key factor which will influence the likely demand for certain land uses and is thus a crucial component in determining the viability of any future development on the Site.

The basis of the demographic analysis is the Australian Bureau of Statistics (ABS) geographical level known as Statistical Area Level 2 (SA2), which broadly comprises 2-3 suburbs. The following Catchment Area has been considered for analysis, noting the Site borders four SA2 boundaries.

Figure 2.6: Catchment Area



Source: AEC/ABS

Population Growth

Table 2.2 demonstrates that the existing population within the Catchment Area is circa 41,000 persons, with the vast majority (66%) living within the established residential suburbs east of the M7 Motorway. The population in the Catchment Area is projected to grow approximately 85,000 persons by 2036.

Table 2.2: Catchment Area, Historical and Projected Population Growth (2016-2036)

SA2	2016	2036	Growth
East of M7 Motorway			
Bossley Park- Abbotsbury	19,650	21,260	1,610 (8%)
Cecil Hills	7,296	8,084	788 (11%)
West of M7 Motorway			
Horsley Park- Kemps Creek	4,637	4,778	141 (3%)
Austral-Greendale	9,168	50,661	41,493 (453%
Grand Total	**40,751**	**84,783**	**44,032 (108%)**

Source: ABS (2017)/TPA (2017)

Projected population growth to 2036 is overwhelmingly focused west of the M7 Motorway with all growth essentially forecasted to occur within the Austral-Greendale SA2 region, just south of the Site. This is unsurprising given much of this region forms part of the WSPGA and SWPGA with little urban development having occurred to date.

Population growth projections reflect the strategic location of the Site adjacent a major residential growth precinct forecasted to experience significant uplift in population. Given the Site's prominent location on the corner of Elizabeth Drive and the M7 Motorway which will provide a primary accessway to this new region, the Site has the potential to provide a key role in servicing the Catchment Area into the future.

The next section summaries the strategic context and the implications for the Proposal.

2.6 IMPLICATIONS FOR THE PROPOSAL

The Site is well-positioned to contribute to the significant growth forecasted for South-West Sydney. As key infrastructure projects are completed and surrounding residential precincts continue to develop and mature, development such as that envisaged by The Proposal will increasingly become vital to meet the growing demands of the surrounding residential population and workforce.

Location

The Site is located on the corner of Elizabeth Drive and the M7 Motorway with circa 30,000 vehicles directly passing the Site per day, equating to just under 11 million per annum. Importantly, the Site is located on one of the primary entry points to the Western Sydney Airport with traffic volumes expected to increase by circa 1,120 vehicles per day upon commencement of construction works. The Site has dual access (Elizabeth Drive and Cecil Road) and is within 500m of both northbound and southbound entry/exits points to the M7 Motorway.

The Site has the capacity to accommodate a range of land uses reliant upon strong access and exposure. Accordingly, the Site is considered well positioned to accommodate both service centre, industrial and large format retail type uses such as those identified within The Proposal.

State and Local Planning Policy

The Proposal is supported by Directions 6 & 7 of the Western City District Plan as it seeks to provide employment lands close to the future WSA and support the growth of the Western Parkland City. Furthermore, The Proposal is compliant under the Western Sydney Parklands SEPP (2009) and aligns with the strategic objectives of the Western Sydney Parklands Plan of Management (2020) to establish a Business Hub within the area.

Key recommendations outlined within the Fairfield City Centres Study and Policy generally align with the Proposal. The Policy recommends the conversion of lower order industrial uses fronting major roads to be converted to large format retail uses. Given the strong demand for industrial uses throughout metropolitan Sydney and intense pressure from residential development for conversion of such uses, The Proposal provides an alternative method of delivering a small component of large format retail along a highly accessible and well exposed arterial road.

Additionally, The Proposal aligns with the Policy's recommendation in supporting the growth and co-location of service stations with fast food outlets to generate economic growth within the LGA.

Key principles of the Fairfield Employments Lands Study also align with The Proposal, specifically:

- Promotion of a robust and diverse employment area, particularly urban services which support the surrounding residential population.
- Preserve zoned land that can accommodate relatively large floor plates (large sized lots) and that highly accessible to the surrounding road network.
- Encourage the clustering of businesses to reduce land use conflicts, improve business efficiency and identity.
- Consider bulky goods retailing outside of commercial centres and within industrial precincts where exposure and accessibility to arterial roads is available.

Infrastructure Investment

The Western Sydney Airport is set to comprehensively reshape the economic make-up of South West Sydney. The future WSA is located approximately 7.5km west of the Site and will share access from Elizabeth Drive. The WSA will service 5 million passengers upon commencement of operations in 2026 and is forecasted to generate 28,000 jobs by 2031. The Site is expectedly set to experience a significant and sustained growth in passing traffic from a range of both residents, visitors and workers.

The Site is also strategically located adjacent other key infrastructure projects, including the North-South Rail Link, M12 Motorway and Outer Sydney Orbital. These projects are expected to generate further population and employment growth and have obvious implications for the demand of urban support services.

Population Growth

The Site is located proximate a major residential growth centre with a significant increase in population forecasted over the coming two decades. Given the Site's prominent location on the corner of Elizabeth Drive and the M7 Motorway which will provide a primary accessway to this new region, the Site has the potential to play a key role in servicing the Catchment Area.

The next section considers the potential viability of the land uses outlined within The Proposal.

3. LAND USE ANALYSIS

3.1 SERVICE CENTRE USES

Service centres are commonly observed along major highways and motorways throughout Australia, comprising a mix of facilities including service stations, fast food outlets, truck stop facilities, short-term accommodation and other ancillary retail (convenience store, café, etc). Facilities are often co-located; petrol stations, convenience stores and fast food often operating from a single, attached building.

Service centres will typically require direct access from a major highway or motorway and require up to 3ha in site area. Exposure and traffic volumes are also key requirements; major service centres across NSW are typically subject to one direction traffic volumes of 40,000 to 50,000 AADT.

Given high turnover rates, large service centres will typically accommodate service stations with a minimum of 20 petrol bowsers and dedicated truck and diesel filling stations. A range of fast food operators are typically located within these major service stations, commonly up to four. National outlets such as McDonalds and KFC are often anchor tenants and operate 24 hours per day. This is observed at major service centres across NSW and QLD, such as Sutton Forrest Service Centre (NSW), Morayfield Travel Centre (QLD) and Eastern Creek (NSW).

The Site is unlikely to be viable to accommodate a major service centre similar to those identified above given it does not meet the minimum one direction traffic volume threshold typically required for such centres (circa 30,000 AADT compared to 40,000-50,000 AADT). However, a medium sized service centre on the Site is considered viable owing to the Site's location, accessibility and exposure to high traffic volumes.

The viability of a service station and fast food offering on the Site is discussed in further detail below.

3.1.1 Service Stations

Service stations provide petrol and related products to residents in their immediate catchment area. If located along major arterial roads, passing traffic will also be captured to an extent. Accordingly, the viability of a service station is largely driven by both the size of the surrounding population catchment and volume of passing traffic.

Using key industry benchmarks, the viability of the Site to accommodate a service station can be assessed. Key industry benchmarks for service station uses include:

- Minimum of 30,000 AADT passing traffic (either direction), and;
- One service station per 3,500 residents.

The viability of a service station development on the Site must consider the existing service station offering within the Catchment Area. This is explored next.

Existing Service Stations

The Site is located approximately 2.7km west of the closest existing service station (BP) on Elizabeth Drive to the east of the M7 Motorway. Two service stations (United and BP) are also located 4.7km west of the Site along Elizabeth Drive.

An audit of existing service station offerings within the Catchment Area has identified a total of 8 service stations. Details of these service stations are detailed below in Table 3.1.

Table 3.1: Existing Service Stations, Catchment Area

Site Address	Distance to Site	Description	Access
East of M7 Motorway			
7-Eleven Cnr Elizabeth Dr & Cowpasture Rd Endensor Park	2.7km	Service station with convenience store. 4 bowsers, concrete hardstand and carwash. Entry and exit driveways.	Westbound along Elizabeth Dr; southbound Cowpasture Rd.

Site Address	Distance to Site	Description	Access
BP 1642 The Horsley Drive, Horsley Park	4.5km	Service station with convenience store. 4 bowsers plus dedicated diesel bowser, concrete hardstand and entry and exit driveways. Co-located with liquor store and real estate agency.	Eastbound and westbound along The Horsley Dr.
BP Cnr The Horsley Dr & Mcilwraith St, Wetherill Park	5.0km	Service station with convenience store. 6 bowsers, concrete hardstand, entry and exit driveways.	Eastbound on the Horsley Dr.
West of M7 Motorway			
Caltex 1163 Mamre Rd, Kemps Creek	3.8km	Service station with convenience store. 8 bowsers, concrete hardstand, entry and exit driveways.	Northbound along Mamre Rd.
Horsley Fuel and Newsagency Cnr Wallgrove Rd and The Horsley Dr, Horsley Park	4.5km	Small service station with newsagency. 4 bowsers, concrete hardstand. Co-located with two private food retailers.	Northbound on Wallgrove Rd; westbound The Horsley Dr.
BP 1443 Elizabeth Drive, Kemps Creek	4.5km	Service station with convenience store. 8 bowsers, concrete hardstand, entry and exit driveways. Co-located with an independent grocery and auto mechanic.	Eastbound and westbound along Elizabeth Dr.
United 1465 Elizabeth Drive, Kemps Creek	5.0km	Service station with convenience store. 5 bowsers plus dedicated diesel bowser, concrete hardstand and entry and exit driveway. Co-located with café.	Eastbound and westbound along Elizabeth Dr.
BP 7 Cowpasture Rd, Middleton Grange	5.4km	Service station with convenience store. 8 bowsers, concrete hardstand, entry and exit driveways. Co-located with a Pizza Hut and KFC.	Northbound along Cowpasture Rd.

Source: Google Earth Pro

Service Station Benchmarking Implications

The Site is located at the intersection of two major arterial roads with strong exposure to east-west traffic flows along Elizabeth Drive and is within approximately 500m from north and southbound exits from the M7 Motorway. Analysis of RMS traffic data undertaken in section 2.1 indicates that the Site experiences high passing traffic volumes with circa 30,000 passing vehicles per day, equating to just under 11 million passing vehicles per year. This is expected to increase in order of 1,250 trips per day upon commencement of construction works on the Western Sydney Airport.

Analysis of ABS census data undertaken in section 2.5 indicates the broad region surrounding the Site (referred to as the 'Catchment Area') recorded a population of just under 41,000 persons as at the 2016 Census date. When applying the service station population benchmark of 1 service station per 3,500 residents, this indicates there is potential demand for 12 petrol stations within the Catchment Area. An audit of service stations has identified a total of 8 service stations currently operating within the Catchment Area.

When applying the population benchmark to the Catchment Area's projected population (2036) of just under 85,000 persons, demand for an additional 16 service stations is calculated. Given that majority of population growth is forecasted for the south-western portion of the Catchment Area and the existing petrol station offerings therein is limited, demand for petrol stations west of the M7 Motorway will be significant in order to accommodate growing resident demand.

Accordingly, we consider the Site is well-positioned to accommodate a service station offering.

3.1.2 Fast Food Outlets

Fast food outlets provide consumers with a limited range of pre-prepared meals and are typically frequented by those favouring quick food preparation. The fast food sector is dominated by several national retailers, namely McDonalds, Dominos, KFC, Hungry Jacks, Red Rooster and Oporto.

Standalone fast food outlets commonly co-locate with service stations along major arterial roads and highways with exposure, access, traffic volumes and size of the surrounding population catchment being key drivers for viability

of potential locations. Owing to their exposure, fast food outlets located on major arterial roads or highways are typically less reliant upon the surrounding population catchment to generate custom.

Similar to service station uses, two key industry benchmarks for assessing demand for fast food outlets are based on traffic volumes and resident population. These include:

- Minimum of 20,000 AADT passing traffic (either direction), and;
- One fast food outlet per 20,000 residents.

The viability of a fast food development on the Site must consider the existing fast food outlet offering within the Catchment Area. This is explored next.

Existing Fast Food Outlets

The Site is located approximately 2.7km south-west of the closest standalone fast food outlet (McDonalds) on the corner of Cowpasture Road and North Liverpool Road. With the exception of two recently opened facilities in Hoxton Park (KFC and Dominos), there are currently no fast food offerings located west of the M7 Motorway within the Catchment Area.

An audit of fast food outlets within the Catchment Area has identified a total of seven outlets, the majority of these located east of the M7 Motorway. Details of these service stations are detailed below in Table 3.2.

Table 3.2: Fast Food Outlets, Catchment Area

Site Address	Distance to Site	Description
East of M7 Motorway		
Dominos Pizza, Cecil Hills Shopping Centre 1 Lancaster Ave, Cecil Hills	1.5km	Small eat-in enclosed restaurant located within the Cecil Hills Shopping Centre; no drive-through bay.
McDonalds Bonnyrigg Cnr Cowpasture Rd & Nth Liverpool Rd Bonnyrigg	2.7km	Large freestanding restaurant operating 6am-11pm with drive-through bay. Co-located with large BP service station and private pre-school.
McDonalds Prairewood 561-583 Polding St, Prairewood	5.5km	Freestanding restaurant with drive-through bay. Located on the Stockland Wetherill Park Shopping Centre site.
KFC Wetherill Park 561-583 Polding St, Prairewood	5.5km	Freestanding restaurant with drive-through bay. Located on the Stockland Wetherill Park Shopping Centre site.
Red Rooster Wetherill Park 1183 The Horsley Dr, Wetherill Park	5.9km	Freestanding restaurant located within the Greenway Supacenta. Eat-in restaurant with no drive-through bay.
West of M7 Motorway		
KFC Hoxton Park 7 Cowpasture Rd, Middleton Grange	5.4km	Freestanding restaurant with drive-through bay. Co-located with a large BP service station and Pizza Hut.
Pizza Hut 7 Cowpasture Rd, Middleton Grange	5.4km	Small eat-in restaurant attached to a BP service station; no drive-through bay.

Source: Google Earth Pro

Service Station Benchmarking Implications

The location of the Site is considered appropriate for a fast food outlet given strong exposure and access. Current RMS traffic data, indicating the Site is subject to circa 30,000 passing vehicles per day, achieves the general industry benchmark for fast food outlet sites of typically 20,000 daily traffic flows.

With ABS census data indicating the Catchment Area has a population of circa 41,000, industry benchmarking suggests fast food outlets are currently well provided within the area. We note however that there are currently limited fast food offerings west of the M7 Motorway. Given population growth within the south-western portion of the Catchment Area is expected to rise by circa 42,000 people to 2036, we consider the Site well-positioned to meet some of this future demand.

3.2 INDUSTRIAL USES

3.2.1 General Market Conditions

Sydney's metropolitan industrial market is experiencing a major growth spurt whilst undergoing a significant sectoral evolution. Buoyed by a combination of substantial government infrastructure investment, the rise of online retailing and a growing population, industrial markets across much of metropolitan Sydney have been subject to an influx of demand.

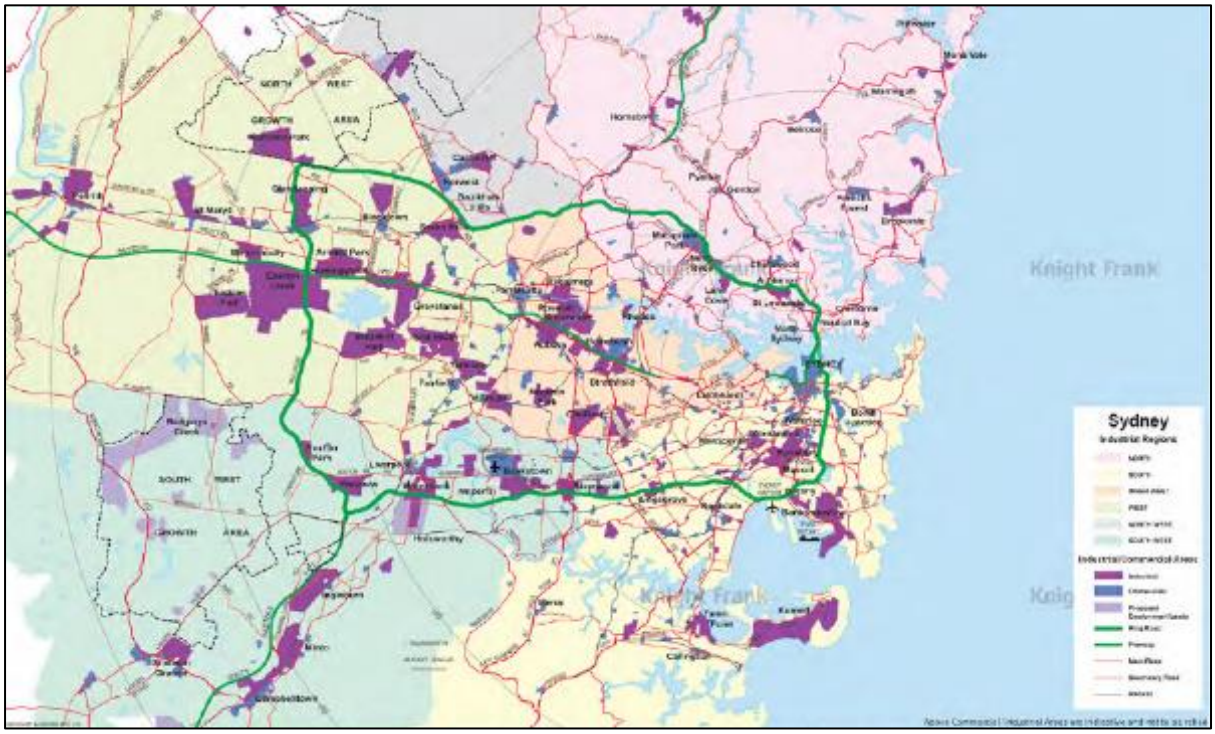
Amidst the strong upswing in industrial demand, supply has lagged. Rising land values (specifically residential) has seen spot rezonings of numerous pockets of industrial precincts across Sydney. This has compounded demand further as businesses have been forced to relocate and compete for industrial premises. Accordingly, almost without exception, the strength of market demand observed throughout much of metropolitan Sydney has resulted in rising industrial rents and prices, falling vacancies and disappearing incentives.

3.2.2 South-West Industrial Market

Sydney's industrial market is commonly defined by five regions known as the Outer West, Inner/Central West, South West, North/North West and South regions. These regions have been defined geographically with consideration to factors such as access to transport and services, and the nature of existing and future industrial and employment lands.

Investors and developers alike evaluate investment opportunities in the context of the five regions, hence it is useful for this analysis to have regard to this broad market context.

Figure 3.1: Industrial Regions, Metropolitan Sydney



Source: Knight Frank (2015)

The Site falls within the South West region which includes Campbelltown, Prestons, Revesby, Riverwood, Fairfield, Smeaton Grange and Minto. Market activity is observed to be strong with a number of purpose built industrial and business parks benefitting from keen occupier interest, such as the Central Hills Business Park in Gregory Hills. This can be attributed to the strong growth in residential activity across the South West Priority Growth Area driving demand for urban services.

Informal discussions with local agents indicates demand for industrial space across the South West region is particularly strong from smaller occupiers, many being sole operators or micro businesses within industries such

as building and construction, wholesaling and transport and logistics. However, key markets such as Minto and Smeaton Grange are continuing to attract large logistic, distribution and warehousing operators given the large number of investment grade, modern distribution centres within these areas. Notably, global online retailer Amazon acquired a vacant 2.11ha industrial lot in Smeaton Grange in early 2016. Their decision to locate within Smeaton Grange is testament to the growing popularity of the South-West region.

The South West and Outer West regions have traditionally generated lower land values and rents compared to the rest of metropolitan Sydney. Whilst rents and values are undoubtedly rising across the region, this trend is continuing as observed in Table 3.3.

Table 3.3: Sydney Industrial Market Indicators, Q4 2017

Precinct	Av. Prime Rent ($/sqm)#		Core Market Yields		Av. Land Values ($/sqm)	
	Prime	Secondary	Prime	Secondary	<5,000sqm	1-5ha
Outer West	$115	$97	5.5%-6.5%	6.75%-7.5%	$683	$550
Inner/Central West	$126	$109	5.5%-7.0%	6.5%-7.5%	$838	$581
South West	$113	$100	5.5%-6.25%	5.75%-6.75%	$620	$522
North	$178	$145	6.0%-7.5%	6.75%-8.0%	$910	$735
South	$177	$173	5.0%-5.5%	5.25%-6.0%	$2,625	$1,700
Sydney Average	**$142**	**$125**	**5.0%-7.5%**	**5.25%-8.0%**	**$714***	**$551***

Notes:
Reflective of average rents for existing buildings; does not include pre-lease rents.
* Excludes South precinct
Source: Knight Frank (2017)

The lower prices provided in the South West is one of the key driving factors in the current interest from large distribution and warehousing tenants, as margins in this industry are relatively low, which puts extreme pressure on costs. This trend is likely to continue and logistics operators will often seek lower priced land for new greenfield operations, when available and functional. Low rents and land values are also a key consideration for small businesses commencing or expanding operations, many of these servicing local catchments.

3.2.3 Site Requirements

Notwithstanding market forces, the success of industrial precincts and sites are underpinned by a number of key factors. Location, land size, access and proximity to arterial roads networks are critical in ensuring industrial land is commercially attractive. That said, the importance of these key factors varies according the type of industrial development being progressed.

Two broad categories of new industrial development are currently being progressed across metropolitan Sydney

- **Large format industrial** which typically accommodates a wide range of logistics and warehousing organisations. Such users require large, flexible sites and floorplates to for heavy vehicle reticulation and access. This type of development is typically confined to Greenfield locations.
- **Small format industrial** is increasingly being observed in inner and middle ring locations to accommodate smaller businesses with smaller floorspace requirements. Many of these developments incorporate a hybrid of industrial/commercial/large format retails uses in a single development to respond to strong market demand and maximise co-location benefits.

Large Format Industrial

New industrial development requires large land parcels (e.g. minimum 20ha) in order to facilitate the large scale nature of warehouses and distribution centres, as well as sufficient hardstand and yard space for truck and container movements.

The nature of the surrounding road network is of critical importance. Direct access to major arterial roads and highways is critical for logistics-type operations, particularly for those operators with time-critical business models, e.g. cold storage delivery. Ease of access and egress into industrial precincts from major arterial roads and highways is crucial.

Of equal importance is the nature surrounding land uses. Thriving industrial precincts are typically well-buffered from surrounding land uses by roadways, waterways and other natural buffers which mitigates land use conflicts, particularly from residential uses. Where land use conflicts arise from the operations of industrial lands due to noise and smell, restrictions on hours of operation can often result which ultimately risks market viability.

Despite fronting a major arterial road with proximate access to the Sydney Orbital network via the M7 Motorway, the Site is not considered of sufficient size to accommodate this type of industrial development.

Smaller Format Industrial Park

Smaller scale industrial development is equally important, generally provided to meet demand from businesses whose floorspace requirements may be smaller but proximity to their key markets is a critical consideration. Distribution trucks can vary in size and depend on the stage in the distribution process; Last Mile distribution typically makes use of smaller vehicles, i.e. rigid trucks and vans. Such facilities are typically located close to populous area and are ideally also proximate to intrastate and interstate road networks.

Other industrial users which directly respond to population growth are well-suited to smaller format industrial floorplates. Vehicle repairs, construction and civil engineering and other key support services (e.g. pest control) are common examples. Given many of these users are considered 'light' users, co-location with other land uses is often viable and often desirable in order to raise business profile and increase exposure.

Smaller format industrial development typically requires the following key factors:

- Circa 1.5ha to 2ha site area
- Directly accessible off major arterial roads and highways.
- Operate in a conflict-free environment (e.g. unrestricted truck access and sufficiently buffered from residential).
- Proximate to key population centres.
- Cluster with other business/industry.

The Site is considered to have both the locational and site characteristics required to progress a viable small format industrial development. Such a development would likely co-locate well with other land uses such as service centre uses which would provide on-site amenity for future workers.

Co-Location with Large Format Retail

Large format and bulky goods retail is typically associated with homemaker centres and include categories such as household appliances, manchester and homewares, furniture, floor coverings and textiles. Pet supplies, camping equipment, liquor outlets and hardware and landscape garden supplies are also in this category, and other items of a bulky nature that require a large area for handling, display or storage or direct vehicle access to the site for the purposes of loading goods onto a vehicle after purchase

Large format retailers serve broad geographic trade areas due to the nature of goods retailed. As a consequence, these retail showrooms are suited to locations that convey the ability for numerous retailers to co-locate and cluster, that are accessible by both local and regional trade areas and that benefit from high levels of visibility and exposure. Large format retail is increasingly tending to co-locate with light industrial users, particularly where co-location can benefit all users and drive further exposure and trade.

Given the reliance on passing traffic, large format retail typically requires high traffic volumes to be viable (>30,000 ADDT). A large surrounding population is also a primary driver with many retailers requiring proximity to a population catchment of circa 30,000-40,000 residents. Site area requirements vary according to the type and scale of retailer however most large format users typically require 0.5ha to 2ha.

A desktop review of the location of existing large format retailers within the Catchment Area indicates there are very few existing operators nearby. This is unsurprising given existing planning controls and the greenfield nature of the Catchment Area west of the M7 Motorway. Major large format retail precincts nearby and outside of the Catchment Area include Wetherill Park, Liverpool, Ingleburn and Gregory Hills.

Given that a number of large format retail precincts are already well-established nearby (e.g. Greenway Supacenta, Wetherill Park), progression of a large format retail development on the Site is not considered an immediate proposition and would require further population growth to be viable.

Notwithstanding, the long-term outlook for large format retail on the Site is positive. With a projected population of just under 85,000 in 2036, progression of a large format development with the Catchment Area is a viable long-term strategy. The locational attributes of the Site are consistent with the requirements for such users and co-locating with other uses (service station, fast food outlet, industrial) would serve to immediately raise the profile and exposure of any future large format occupier on the Site.

3.3 SHORT-TERM ACCOMODATION

ABS data demonstrates there is limited short-term accommodation within the Catchment Area - the Pritchards Hotel (14 rooms) at Mount Pritchard approximately 6km north of the Site being the only operator observed. The closest clusters of hotel and motel accommodation is located circa 10km east within the Liverpool CBD in addition to Casula circa 10km south-east.

Demand for hotel and motel accommodation is subject to a myriad of factors. The size of the surrounding residential and worker population, visitor numbers (international, domestic and corporates), surrounding leisure destinations, MICE and major events collectively influence demand for short-term accommodation within any given market. Given the small size of the existing population and little to no significant leisure destinations or key MICE events within the Catchment Area, the viability of any short-term accommodation on the Site is *currently* challenged.

That said, the Western Sydney Airport will be a 'game-changer' for the tourism market within South-West Sydney and undoubtedly drive demand for short-term accommodation within the Catchment Area. Given the Site is approximately 7.5km east of the future WSA and adjacent a major motorway providing direct access to much of metropolitan Sydney, the long-term viability of a hotel or motel development on the Site is sound. The Site is of sufficient size to accommodate such an offering whilst co-locating with a mix of other land uses.

3.4 NEED FOR THE PROPOSAL

As the Catchment Area and broader South West region continues to develop and mature, there will be commensurate demand for employment floorspace as envisaged within The Proposal.

Service Centre Uses

Industry benchmarking (traffic volumes and population size) indicates the Site is well-placed to accommodate a medium sized service centre, comprising a service station (with small convenience offering) and fast food outlets. The Site is ideally located to accommodate such land uses given it is located on an arterial road with direct access to the future Western Sydney Airport and has direct access to and from the existing M7 Motorway.

Development of such uses are considered to be viable within the short-term (<2 years) and will serve to immediately raise the profile of the Site and generate appeal for other land uses into the future. Such uses will also service future workers at the WSA (during construction and upon completion).

Industrial and Urban Services

Demand for industrial land within the South West region is strong, driven by improving business conditions, a growing residential population and the comparatively cheap supply of land compared to much of metropolitan Sydney.

Given the proximity to the Western Sydney Airport, a range of industrial users would likely be attracted to the Site. Co-location of service centre uses would also provide essential amenity to these future workers.

Industrial development on the Site is also considered to be immediately viable (<2 years) and will capitalise on strong industrial market conditions and could provide premises for businesses commencing works on the Western Sydney Airport.

Co-Location with Large Format Retail

Given demand for any large format retail on the Site is population driven, development of this land use on the Site is not considered to be an immediate proposition and will become viable as the population of the Catchment Area expands and matures (>5 years).

Short-Term Accommodation

The viability of any short-term accommodation on the Site will be directly linked to the completion of the Western Sydney Airport and commencement of operations. Therefore, development of short-term accommodation on the Site is considered to be a longer-term proposition (to align with completion of the WSA).

4. ECONOMIC AND MARKET IMPACTS

4.1 INTRODUCTION AND APPROACH

This chapter examines the economic activity that could be captured by Fairfield LGA in order to understand the likely economic impacts. This chapter also examines likely market impacts which could be result from the Proposal.

The examination of economic activity supported by the Proposal (both during the construction phase and operational phase) has regard to its various land use elements including:

- 1,858sqm highway service centre uses.
- 5,669sqm industrial/urban services.
- 2,250sqm large format retail.
- 2,545sqm for a motel (indicative 73 room facility).

An Input-Output model, including the development of a series of specific regional Input-Output transaction tables, was developed to reflect the economic structure of Fairfield LGA (refer to **Appendix A**). Input-Output modelling describes economic activity through the examination of four types of impacts, defined and described in Table 4.1.

Table 4.1: Economic Indicators

Indicator	Description
Output	Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
Gross Product	Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g., Gross Regional Product) defines a true net economic contribution and is subsequently the preferred measure for assessing economic impacts.
Income	Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the Project.
Employment	Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow on activity, and is expressed in terms of Full-Time Equivalent (FTE) positions. One FTE job is defined as one person working full time for a period of one year.

Source: AEC

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending. Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

4.2 DRIVERS OF ECONOMIC ACTIVITY

In order to understand the economic impacts likely to result from the Proposal, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent in nature following construction completion and operations commencement.

- **Construction Phase**: Construction activity will draw resources from and thereby generate economic activity in Fairfield LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operations Phase**: On completion of development, the site is expected to generate ongoing economic/ operational activity through the following:
    - Direct turnover generated by the motel, retail, food and beverage, and commercial operational activities.
    - Additional tourism and visitation that would not otherwise occur in the Fairfield LGA as a result of additional accommodation supply from the motel. This will provide increased visitor expenditure in Fairfield LGA.

4.2.1 Construction Phase

For modelling purposes, construction costs (including contingency) were broken down into their respective ANZSIC industries. This breakdown was developed based on assumptions by AEC regarding the most appropriate ANZSIC industries for each activity.

Table 4.2: Construction Costs Allocation (Incl. Contingency)

Component	$M	ANZSIC Sector
Retail/ commercial	$17.6	Non-residential Building Construction (100%)
Hotel	$8.0	Non-residential Building Construction (100%)
Car parking	$1.5	Construction Services (100%)
Site works/ infrastructure	$0.5	Construction Services (100%)
Professional fees	$2.5	Professional, Scientific and Technical Services (100%)
Total	**$30.1**	

Source: ae design/AEC.

Only the construction activity expected to be undertaken *within the Fairfield LGA* has been included in the economic impact assessment. For the purposes of this assessment it was assumed:

- Approximately 50% of the direct expenditure on construction activity would be sourced from local businesses and labour (including construction and professional services activity).
- Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside the Fairfield LGA would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in Fairfield LGA).
- Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e., 5% of the Type II flow on activity associated with non-local workers is assumed to represent additional local activity in the LGA).
- Approximately 50% of the direct expenditure on professional, scientific and technical services activity would be sourced from local businesses and labour (including construction and professional services activity).

4.2.2 Operational Phase

Several aspects of operational activity of the Proposal were examined:

- **Precinct Operational Activity (excluding Motel):** The value of economic activity associated with the retail and commercial components of the Proposal, excluding the motel.
- **Motel Operational Activity:** The value of economic activity generated by the motel development.
- **Induced Visitation Expenditure:** The value of expenditure associated with visitors staying in the motel.

Precinct Operational Activity (excl. Motel)

For modelling purposes, estimated operational employment levels for the Proposal (excluding motel) were broken down into their respective Australian and New Zealand Standard Industrial Classification (ANZSIC) industries. This breakdown was developed based on assumptions on the most appropriate ANZSIC industries for each activity.

Table 4.3: Operational Employment Allocation (excluding Motel Activity)

Category of Use	Employment	ANZSIC
Highway Service Centre Retail	86	• Accommodation and Food Services (22%) • Retail Trade (78%)
Industrial	120	• Manufacturing (25%) • Electricity, Gas, Waste and Water Services (25%) • Wholesale Trade (25%) • Transport, Postal and Warehousing (25%)
Total	**206**	

Source: ae design/AE

Employment by industry estimates were converted to an output value using a multiplier based on the national transaction table (ABS, 2017b; ABS, 2017c). The resultant estimates of output were modelled as the direct activity associated with the Proposal.

Table 4.4: Operational Output Drivers (excluding Motel Activity)

ANZSIC Sector	Output ($M)
Accommodation and Food Services	$2.37
Retail Trade	$8.66
Manufacturing	$13.60
Electricity, Gas, Waste and Water Services	$18.74
Wholesale Trade	$10.54
Transport, Postal and Warehousing	$12.04
Total	**$65.86**

Source: ae design, AEC.

Motel Operational Activity

The proposed 73-room motel is indicatively estimated to have an average room occupancy rate of 76% over the course of the year, with an average room rate per night of approximately $153 (ABS, 2016). Additional revenue of 25% per room is also assumed for miscellaneous items such as food, beverages, phones, laundry, etc. In total, this provides an estimated revenue for the motel of approximately $3.9 million per annum. Estimates of employment were developed based on standard industry Input-Output multipliers for the accommodation industry.

Table 4.5: Motel Turnover Assumptions

Hotel Indicator	Proposed Hotel Outcome
Rooms	73
Occupancy	76%
Average Daily Rate (ADR)	$153
Ancillary Spend (25% of ADR)[1]	$38
Food and Beverage Spend ($m)[2]	$0.48
Total Turnover ($m)	$3.87
Employment (FTE)	**21**

Notes: 1 - Assumed split evenly between food and beverage services and additional accommodation spend, 2 - Guest and general public spend.
Source: AEC.

Induced Visitation Expenditure

Estimates for direct visitor spend generated by the Proposal are developed based on Tourism Research Australia (2018a,b) national and international expenditure data and AEC assumptions.

An estimated 75/25 split has been applied for domestic and international visitors for the proposed motel, based on the visitation split for those coming via aircraft in the 2017 calendar year (TRA, 2018a,b). The motel will support anticipated strong growth in demand for accommodation in Western Sydney following development of the Western Sydney Airport, and additional accommodation supply is expected to be required in the region over the medium to long term. The assessment assumes that without additional capacity that the Proposal would deliver, visitors would stay outside of the LGA (therefore, all visitors are considered as 'net new' and within the scope of the EIA).

Table 4.6: Visitor Assumptions

Hotel Indicator	Proposed Motel Outcome
Rooms	73
Occupancy	76%
Avg. People per Room Night	1
% Net New Visitors	100%
Net New Visitor Nights	20,250
Domestic Visitors	75%
International Visitors	25%

Source: AEC.

Allowances were made for expenditure items unlikely to be captured within the Fairfield LGA (some items excluded and other reduced by 50% to account for expenditure elsewhere in the region). Some visitor spend was already captured directly by the motel facilities as per Table 4.5, including revenue associated with spend of guests on food and beverages. This spend has been excluded from induced visitation expenditure to avoid double counting of these impacts.

Table 4.7: Local Expenditure Assumptions

Item	Average Spend per Visitor Night	
	Domestic Overnight	International
Domestic airfares	Excluded	Excluded
International airfares	Excluded	Excluded
Package Tours	$2.38	$0.00
Organised Tours	$0.75	$1.63
Rental vehicles	$1.75	$1.00
Petrol	$8.88	$0.75
Vehicle maintenance/repairs	$0.25	$1.50
Taxi	$1.25	$0.38
Other local public transport	$0.63	$0.38
Long distance public transport	Excluded	Excluded
Accommodation	Excluded	Excluded
Groceries for self-catering	$5.88	$2.63
Alcohol, drinks (not already reported)	$4.88	$2.63
Takeaways and restaurant meals	$29.75	$13.25
Shopping / gifts /souvenirs	$7.13	$7.25
Entertainment	$2.88	$1.00
Gambling	$0.25	$0.38
Education fees	Excluded	Excluded
Convention / Conference / Seminar / Trade Fair / Exhibition registration fees	Excluded	Excluded
Other expenditure	$1.00	$1.50
Total	**$67.38**	**$33.88**

Source: TRA (2018a,b), AEC.

Average visitor expenditure is applied to the number of domestic overnight and international visitors and allocated to relevant industries per Table 4.8.

Table 4.8: Average Annual Visitor Spend, Fairfield LGA

ANZSIC Sector	Expenditure ($M)
Water, Pipeline and Other Transport	$0.06
Rental and Hiring Services (except Real Estate)	$0.03
Retail Trade	$0.47
Automotive Repair and Maintenance	$0.01
Road Transport	$0.03
Food and Beverage Services	$0.03
Heritage, Creative and Performing Arts	$0.05
Gambling	$0.01
Personal Services	$0.02
Total	**$0.72**

Source: TRA (2018a,b), AEC.

4.3 ECONOMIC ACTIVITY AND IMPACTS

The economic activity supported can be traced through the economic system via:

- **Direct impacts**, which are the first round of effects from direct operational expenditure on goods and services.
- **Indirect Impacts (Flow-on impacts)**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
    - **Indirect Impact (Type I)** represents the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
    - **Indirect Impact (Type II)** represents the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

The premise behind Type I and Type II indirect impacts applies across both the construction and operational phase, except the impacts on industry will be different. For example, Type I impacts during the construction phase may include professional services (e.g. architects, engineers), manufacturing (steel, construction materials) while examples of Type I impacts during the operational phase may include manufacturing (food and beverage, food related), administrative and support services (e.g. building cleaning, employment services, travel agencies, etc.).

The following sections outline the economic activity attributed to all future land uses on the Site, including motel.

4.3.1 Construction Phase

The construction phase associated with the Proposal is expected to support the following economic activity through direct and flow-on impacts (over the course of the construction phase):

- $39.5 million in output (including $15.1 million in direct activity).
- $15.7 million contribution to GRP (including $3.9 million in direct activity).
- $8.0 million in incomes and salaries paid to households.
- 107 FTE jobs (including 24 directly employed in the construction activity).

Table 4.9: Construction Activity Supported

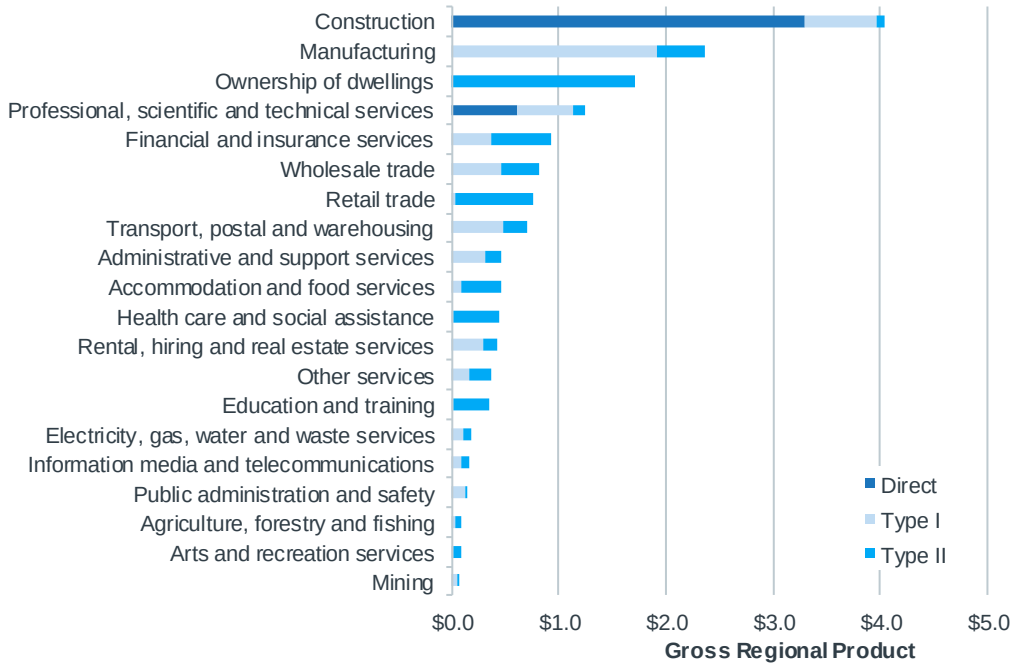
Impact	Output ($M)	Gross Regional Product ($M)	Incomes ($M)	Employment (FTEs)
Direct	$15.1	$3.9	$2.0	24
Type I Flow-On	$13.7	$5.7	$3.3	41
Type II Flow-On	$10.8	$6.2	$2.7	41
Total	**$39.5**	**$15.7**	**$8.0**	**107**

Source: AEC.

Major industry beneficiaries of construction activity include:

- Construction (GRP of $4.0 million).
- Manufacturing ($2.4 million).
- Ownership of dwellings ($1.7 million).

Figure 4.1: Gross Regional Product (GRP) Impacts by Industry, Construction



Source: AEC

4.3.2 Operational Phase

One fully developed and operational, The Proposal is estimated to support the following annual economic activity within the Fairfield LGA through the direct and flow-on impacts associated (per annum):

- $146.7 million in output (including $70.4 million in direct activity).
- $71.3 million contribution to GRP (including $31.8 million in direct activity).
- $35.0 million in incomes and salaries paid to households.
- 490 FTE jobs (including 233 FTE jobs from direct activity, comprised of 206 non-motel related jobs on site, 21 FTE motel jobs on site, and six FTE jobs in the broader Fairfield LGA economy directly arising from induced visitor spend due to the motel).

Table 4.10: Annual Activity Supported

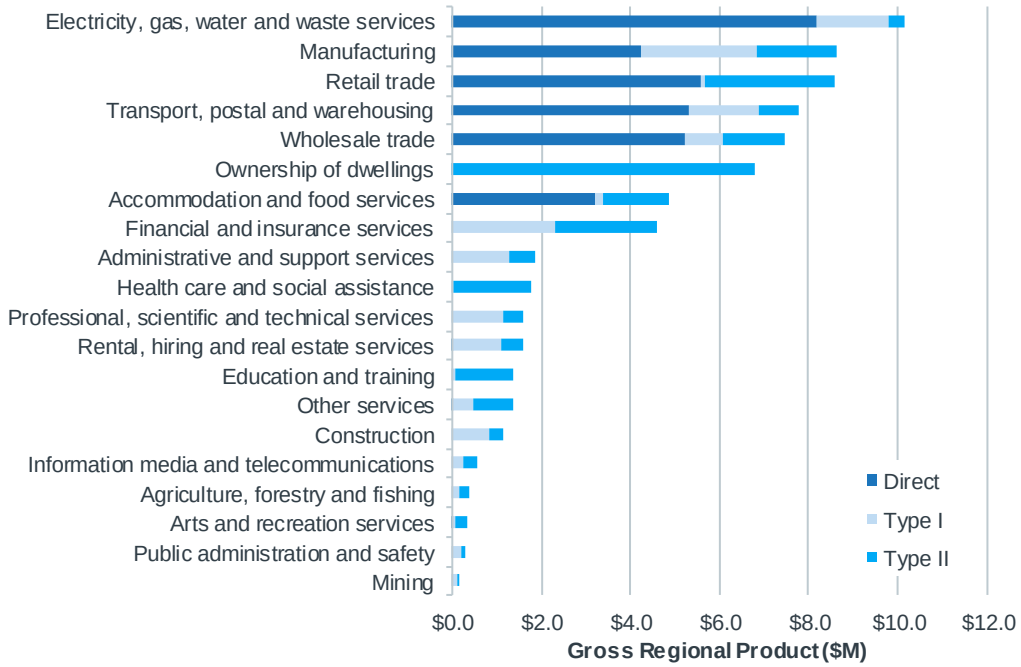
Impact	Output ($M)	Gross Regional Product ($M)	Incomes ($M)	Employment (FTEs)
Direct	$70.4	$31.8	$16.4	233
Type I Flow-On	$33.2	$14.9	$7.7	92
Type II Flow-On	$43.0	$24.6	$10.9	165
Total	**$146.7**	**$71.3**	**$35.0**	**490**

Source: AEC

Major industry beneficiaries of the Proposal include:

- Electricity, gas, waste and water services (GRP $10.1 million per annum).
- Manufacturing (GRP $8.6 million per annum).
- Retail trade (GRP $8.6 million per annum).

Figure 4.2: Gross Regional Product (GRP) Impact by Industry, Operations



Source: AEC

4.3.3 Summary of Economic Impacts

Once fully developed and operational, The Proposal could provide significant economic benefits to the Fairfield LGA each year.

- Economic activity of the proposed uses estimated to support 233 jobs on-site (direct jobs) and 257 indirect jobs elsewhere in the Fairfield LGA.
- The economic activity is estimated to support nearly $150m in output and more than $70m in contribution to GDP with circa $35m in incomes and salaries paid to households.
- The provision of short-term accommodation on the Site is estimated to support additional $720,000 of additional visitor spend in the Fairfield LGA and 27 jobs (21 on-site and 6 jobs elsewhere in the LGA from induced visitor spend).

Each of the identified impacts is compared to a base case (where the Site remains undeveloped), summarised and ranked based on the rating system outlined in Table 4.11.

Table 4.11: Economic Impact Rating Matrix

Severity of Impact	Score	Explanation
Strong Positive Impact	+3	The scenario would make a strong positive contribution towards this impact compared to the Base Case
Slight Positive Impact	+1	The scenario would make a slight positive contribution towards this impact compared to the Base Case
Neutral Impact	0	The scenario would make neither positive or a negative contribution towards this impact compared to the Base Case
Slight Negative Impact	-1	The scenario would make a slight negative contribution towards this impact compared to the Base Case
Strong Negative Impact	-3	The scenario would make a strong negative contribution towards this impact compared to the Base Case

Source: AEC

Table 4.12 identifies the economic impacts and derives a total score for Proposal using the Base Case (the Site in its undeveloped state) as the starting point of '0'. The higher the positive score the greater the net positive economic impact from a community perspective, the lower the score the greater the adverse economic impact.

Table 4.12: Total Economic Impact of Base Case versus Proposal Case

Impact	Base Case (undeveloped)	Rating	Proposal	Rating
Output ($M)	-	0	$146.7 million	+3
GRP ($M)	-	0	$71.3 million	+3
Income ($M)	-	0	$35.0 million	+3
Employment (FTE)	-	0	490 jobs	+3
Total		**0**		**12**

Source: AEC

The Proposal would deliver a clear, strong positive economic impact comparative to the Base Case. Delivery of the Proposal contributes to supporting growth of the South West region and the Western City and result in a strong net community benefit.

4.4 MARKET IMPACTS

The Proposal envisages development of a mixed use business hub comprising a range of land uses, including highway service centre uses, industrial, large format retail and short-term accommodation.

Broadly speaking, development in the Catchment Area is relatively undefined and sparse in nature. Consequently, new development that responds to market demand is unlikely to adversely impact existing markets. This section considers the likely impact the proposed uses could have on relevant and respective markets.

Highway Service Centre

The Proposal envisages development of a highway service centre directly fronting Elizabeth Drive totalling approximately 1,858sqm GFA. This quantum of floorspace will comprise a number of uses including a large service station, associated convenience store, fast food outlets and small café.

Analysis of industry benchmarking indicates that the Catchment Area is currently undersupplied with service stations which with future population growth suggesting demand for an additional 16 services by 2036. Benchmarking analysis also suggests there is likely demand for a fast food offering, particularly west of the M7 Motorway.

Review of the existing market indicates there is very few highway service centres easily accessible from the M7 Motorway; the closest offering at Horsley Park is small and difficult to access. The Proposal has the opportunity to meet a growing market demand for highway service centre uses and is unlikely to negatively impact surrounding service centres which generally derive trade from the surrounding population catchment as opposed to traffic generated from the M7 Motorway.

Industrial

The Proposal includes a large proportion of industrial floorspace, totalling approximately 5,670sqm of GFA across a total of seven lots. A variety of sizes are proposed, ranging from 545sqm and up to 1,122sqm. Industrial lots envisaged to located in the centre of the Site (albeit one lot fronting Elizabeth Drive) with access provided from Cecil Road.

Market demand for industrial land across the South West region is strong as improving business conditions, infrastructure improvements and affordable price points drive interest in the area. Well-located industrial sites adjacent major arterial roads are highly desired from a range of industries, particularly transport and logistic operators.

The supply outlook for industrial land within the South-West Sydney is underpinned by both existing undeveloped land within the sub-region and future supply within the Western Sydney Employment Area (WSEA), Western Sydney Priority Growth Area (WSPGA) and South-West Priority Growth Area (SWPGA). Recent employment lands audits released by the Department of Planning and Environment indicates there was approximately 281.6ha of undeveloped and serviced land within the South West region in January 2017 (DPE, 2018a).

Analysis of take-up of industrial land across the South West region over the 2008-2016 period indicates an average take-up rate of circa 41ha per annum. We note that take-up peaked over 2016 however, with over 100ha being

developed. If applying the historical take-up rate of 41ha, there is just under seven years of supply remaining (based on undeveloped and serviced land). Though, given the growth trajectory of the South West region it is likely that industrial land consumption will accelerate in future years.

We also recognise there is also a significant volume of industrial land proposed within the South West and Outer West Regions, approximately 6,972.5ha. This land is however unserviced. The distinction between undeveloped *serviced* and *unserviced* land is critical; unserviced land is subject to lengthy lead-in times for infrastructure provision and is also subject to road, infrastructure and environmental constraints before being developable.

The Site's strategic location adjacent major arterial roads and proximate to future residential precincts positions it well to support future population and business growth. This would contribute to the relatively modest supply of serviced land in the South West region (282ha).

Large Format Retail

The Proposal envisages a small component of large format retail floorspace to be provided in the medium-term (circa 2,250sqm GFA). Delivery of large format retail is not considered an immediate commercial proposition due to the lack of population critical mass in the region.

Co-location of large format retail with light industrial uses is commonly observed throughout metropolitan Sydney. Given the small component of large format retail proposed, the impact to the existing retail centres hierarchy is likely to be nominal and not result in any 'unacceptable economic impacts' as defined within the Fairfield City Centres Study and Policy (2015).

Short-Term Accommodation

The Catchment Area is not currently a significant short-term accommodation market with little existing operators observed. The Proposal considers a small hotel/motel development could be developed in the long-term (circa 2,545sqm GFA or 73 rooms).

The Western Sydney Airport will undoubtedly drive demand for short-term accommodation uses within the Catchment Area into the future in order to service a growing visitor and worker population. Accordingly, delivery of short-term accommodation of the Site is considered to provide a positive market impact.

In summary, the Proposal will accommodate a number of land uses that are in strong demand from an economic and market perspective (examined in Chapter 3). These include:

- **Highway service centre** - population benchmarking suggests there will be demand for an additional 16 service centres in the Catchment Area by 2036. The proposed highway service centre is unlikely to negatively impact surrounding service centres which generally derive trade from the surrounding population catchment as opposed to traffic generated from the M7 Motorway.
- **Industrial -** market demand for industrial property in South West Sydney is buoyant amidst improving business conditions, infrastructure improvements and affordability. Analysis of industrial land stock in the South West Region by DPE's *Employment Land Monitor* shows there is just under seven years of supply remaining. The Proposal will provide well-positioned industrial land to help service the future growth of the Western City.
- **Large format retail** - the modest proportion of large format retail land uses proposed are envisaged on being delivered in the medium-term as population growth drives demand for such uses. There is not considered to be any adverse economic or market impacts on the existing retail centres hierarchy as a result of their future delivery.
- **Short-term accommodation** - delivery of short-term accommodation is envisaged in the longer-term as the surrounding population grows and operation of the Western Sydney Airport has commenced.

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APPENDIX A: INPUT-OUTPUT METHODOLOGY

Input-Output Model Overview

Input-Output analysis demonstrates inter-industry relationships in an economy, depicting how the output of one industry is purchased by other industries, households, the government and external parties (i.e. exports), as well as expenditure on other factors of production such as labour, capital and imports. Input-Output analysis shows the direct and indirect (flow-on) effects of one sector on other sectors and the general economy. As such, Input-Output modelling can be used to demonstrate the economic contribution of a sector on the overall economy and how much the economy relies on this sector or to examine a change in final demand of any one sector and the resultant change in activity of its supporting sectors.

The economic contribution can be traced through the economic system via:

- **Direct impacts**, which are the first round of effects from direct operational expenditure on goods and services.
- **Flow-on impacts**, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
- **Industry Support Effects (Type I)**, which represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services in the intermediate usage quadrant, and subsequent round effects of increased purchases by suppliers in response to increased sales.
- **Household Consumption Effects (Type II)**, which represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the economic system.

These effects can be identified through the examination of four types of impacts:

- **Output:** Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Value added:** Refers to the value of output after deducting the cost of goods and services inputs in the production process. Value added defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income:** Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment:** Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of full-time equivalent (FTE) positions.

  Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow-on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending.

  Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

Model Development

Multipliers used in this assessment are derived from sub-regional transaction tables developed specifically for this project. The process of developing a sub-regional transaction table involves developing regional estimates of gross production and purchasing patterns based on a parent table, in this case, the 2014-15 Australian transaction table (ABS, 2017a).

Estimates of gross production (by industry) in the study area were developed based on the percent contribution to employment (by place of work) of the study area to the Australian economy (ABS, 2012), and applied to Australian gross output identified in the 2014-15 Australian table.

Industry purchasing patterns within the study area were estimated using a process of cross-industry location quotients and demand-supply pool production functions as described in West (1993).

Where appropriate, values were rebased from 2014-15 (as used in the Australian national IO transaction tables) to current values using the Consumer Price Index (ABS, 2017b).

Modelling Assumptions

The key assumptions and limitations of Input-Output analysis include:

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using Input-Output multipliers is the implicit assumption that the economy has no supply-side constraints, so the supply of each good is perfectly elastic. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using Input-Output multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. The system is in equilibrium at given prices, and prices are assumed to be unaffected by policy and any crowding out effects are not captured. This is not the case in an economic system subject to external influences.
- **Fixed ratios for intermediate inputs and production (linear production function):** Economic impact analysis using Input-Output multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. That is, the input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs). As such, impact analysis using Input-Output multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount. Further, it is assumed each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies there is only one method used to produce each commodity and that each sector has only one primary output.
- **No allowance for economies of scope:** The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the “additivity assumption”. This generally does not reflect real world operations.
- **No allowance for purchasers’ marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these limitations, Input-Output techniques provide a solid approach for taking account of the inter-relationships between the various sectors of the economy in the short-term and provide useful insight into the quantum of final demand for goods and services, both directly and indirectly, likely to be generated by a project.

In addition to the general limitations of Input-Output Analysis, there are two other factors that need to be considered when assessing the outputs of sub-regional transaction table developed using this approach, namely:

- It is assumed the sub-region has similar technology and demand/ consumption patterns as the parent (Australia) table (e.g. the ratio of employee compensation to employees for each industry is held constant).
- Intra-regional cross-industry purchasing patterns for a given sector vary from the national tables depending on the prominence of the sector in the regional economy compared to its input sectors. Typically, sectors that are more prominent in the region (compared to the national economy) will be assessed as purchasing a higher proportion of imports from input sectors than at the national level, and vice versa.

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