Orange Grove Rd Proposal

Peer review of Economic Impact Assessment Documntation

SGS Economics & Planning

Final Report

NSW DP&I
May 2013

Independent insight.

Independent insight.

SGS Economics and Planning Pty Ltd
ACN 007 437 729
www.sgsep.com.au
Offices in Brisbane, Canberra, Hobart, Melbourne, Sydney

CONTENTS

EXECUTIVE SUMMARY

Scope of work

The Department of Planning & Infrastructure DP&I requires an independent review of the cumulative economic impact of proposed retail development at Orange Grove on existing retail centres. The review should assess the reasonableness of Council's assessment of the Planning Proposal based on a review of the Liverpool Cumulative Economic Impact Study and a subsequent review by HillPDA of Leyshon's Economic Impact Assessment. The review is to have particular regard to:

- The conclusions drawn on impacts on Liverpool City Centre
- The conclusions on impacts on other centres including any impacts on centres not considered (Bonnyrigg and Fairfield town centres)

Findings

Leyshon report

The key findings from our review of the Leyshon report are listed below:

1. In the Leyshon Centres Review, assuming that Liverpool LGA is a closed system and there will be no escape expenditure is unrealistic. Even for a large LGA such as Liverpool, some escape expenditure is likely. For typical retail, incoming spending will not likely balance this and so assuming a closed system would be likely to inflate the available expenditure numbers thereby inflating the supportable retail floorspace numbers. According to the 2010/11 BTS Household Travel Survey, there were 56,853 shopping trips leaving the Liverpool LGA and 53,991 shopping trips entering the LGA. This indicates a net loss of 2,843 shopping trips to centres outside the LGA.
2. Notwithstanding the point above, for outlet retail we accept Leyshon's assessment that the trade area will be large and that a significant proportion of expenditure will be sourced from LGAs other than Liverpool. However, we do not accept that the trade area will extend into South West Sydney given the existence of a DFO in Campbelltown.
3. We broadly agree with the Retail Turnover Density (RTD) chosen for the subject site given the proposed retail split. The RTD for a mini major (GLA>400sqm) in a sub-regional centre is around $5,100 according to published retail benchmarks.
4. The assumed expenditure coming from adjacent LGAs and other areas is quite high (60% combined). However, a high percentage is to be expected for an outlet retail function and Leyshon does support this with some survey-based evidence from previous work with DFO in NSW and Victoria.
5. While we accept that future anticipated growth in available retail expenditure is a legitimate concern, we would suggest that this is a secondary matter and the emphasis should be on an examination of the trading impacts in the first year of operation in terms of turnover reduction and the resultant RTD.
6. This analysis is lacking a centre specific impact test. This is a significant omission. The retail impact analysis should focus on the shift in expenditure captured at all competing centres in the defined retail system. The resultant change in turnover in the first year of operation together with resultant RTD illustrates the impact.

HillPDA reports

The key findings from our review of the HillPDA reports are listed below:

1. We agree with the HillPDA assertion that outlet retail attracts shoppers from a large catchment. This aligns with our own experience and is consistent with the Leyshon report.
2. We agree with that outlet retail in isolation could be a net positive for the LGA. It follows that if a very large proportion of turnover capture is sourced from outside the LGA then the additional incoming expenditure may in fact be a net positive impact for the LGA for this component.
3. Marketinfo has become the standard source for small area household expenditure forecasts. However both the Leyshon analysis and Marketinfo are based on an adjustment of the ABS Household Expenditure Survey.
4. A DFO type of retail may perform at a similar level as a mini major in a sub-regional centre, which has a turnover of around $5,100 per sqm. We therefore think the nominated RTD of $5,500 is reasonable.
5. We agree with the defined primary trade area being limited to Liverpool and Fairfield LGAs. However, the retail expenditure forecasts may prove to be on the high side given recent changes in the retail environment
6. While we accept that the composition of retail floorspace at the subject site is not known we would emphasise its importance to the retail impact modelling. Given the fact that outlet retail draws trade from a much broader area than more traditional retail, a higher proportion of general retail will likely result in a greater level of impact on Liverpool CBD and neighbouring centres. This is demonstrated in the HillPDA impact tests and is picked up in the text of their peer review report.
7. Gravity modelling is appropriate to determine the likely retail impacts. SGS retail gravity modelling assumes that redirected turnover is a function of the competing offer of centres in the retail landscape where expenditure capture is determined by travel time (rather than distance used in the HillPDA model), the size of the centre, and its attractiveness as a retail destination.
8. It is not clear to what extent HillPDA have included retail floorspace that is in the supply pipeline – i.e. at various stages of approval or development but not yet built and operational.
9. The retail trend data used here may be out of date given the relatively flat recent retail trade patterns. Moreover, projecting a straight line from the long run trend may fail to account for the fundamental shift now affecting the retail industry with the rapid growth of online retail.
10. We agree that there is no universal measure of significant impact. The significance of a percentage turnover impact on a particular centre will depend on the circumstances of that impact. We would suggest that 10% turnover reduction is the threshold for significance but it's important to also examine the resultant RTD. A centre may be able to tolerate a high impact if it retains a reasonable RTD and by the same logic a relatively small percentage turnover impact may threaten viability if the current RTD is very low.
11. As Westfield is an anchor for Liverpool CBD, its viability is a legitimate concern. Performance should be carefully examined; a failing Westfield could threaten the role and function of Liverpool centre.
12. We agree that 10% falls below most commonly accepted levels of significant impact. The resultant RTD would also unlikely be at a level that would threaten the viability. However, it would be useful if HillPDA could provide more supporting information to demonstrate that Westfield will be able to operate with a reduced RTD
13. We agree that the retail growth projections for the identified primary trade area will bring trading levels back to pre-impact levels and this is a significant consideration. However, it is nonetheless a secondary issue after consideration of the trading impacts and resultant RTD in the first full year of operation.
14. We understand that the precise retail split for the site is not yet known. However, the proposed retail split tested by HillPDA appears reasonable. The floorspace split is significant because a higher

proportion of floorspace devoted to non 'outlet retail' premises would likely result in a greater local impact. This is due to the typically large trade areas for outlet retail.

15. We are generally happy with the nominated RTDs. However, the nominated RTD for Dan Murphys is a little conservative. This store type could trade as high as $13,000 per sqm

16. In broad terms we agree we agree with the conclusions of the HillPDA analysis. The assumptions around escape expenditure from the primary trade area are not detailed in the HillPDA report. A conservative estimate of escape expenditure will affect the impact result. However, we accept that an outlet centre will likely capture a significant level of expenditure that currently escapes from the LGA.

17. In terms of trade impact for the nominated floorspace split, the result is below a reasonable threshold for significance at all centres. However, HillPDA quite rightly note that a different floorspace split (with a DDS or large supermarket for example) for have a greater impact on Liverpool CBD and neighbouring centres. In this sense the ability of the controls to limit non outlet retail is critical to trading impacts.

SCCA submission

The key findings from our review of the SCCA submission are listed below:

1. While the various scenarios for floorspace split tested in the Hill PDA report show a relatively small amount dedicated to supermarket and other general retail (i.e. other than 'outlet' retail). However, a larger proportion of general retail on the site would be likely to have a greater impact on Liverpool CBD and neighbouring centres.

2. This submission appears to hinge on this point – that it is not the existence of outlet retailing at this site that's cause for concern; rather it is the threat of a significant level of general retail premises that might include supermarket or DDS businesses.

Stockland submission

The key findings from our review of the Stockland submission (Don Fox Planning) are listed below:

1. We would also suggest that the Leyshon trade area is too large. However, we suggest that Don Fox Planning's concern over the primary and secondary trade areas is misplaced. The separation of a trade area into primary and secondary is much less important than the accurate definition of the trade area in the first instance – including an accurate assessment of escape expenditure from that system.

2. We agree that the extension of the trade area to include Campbelltown is unreasonable.

3. A lower estimated floorspace level at Fairfield wouldn't necessarily result in greater impact at Stockland Wetherill Park. Lower floorspace at Fairfield would give rise to a lower estimated turnover figure after the application of a suitable RTD. This is because the impact test is based on the same floorspace and turnover assumptions in both the 'with' scenario and the 'without' scenario being tested.

4. We note the assertion of Don Fox Planning that a limitation of 1,200sqm per outlet may not effectively control retail types at the subject site. In addition, there is a risk that several similar retailers under the 1,200sqm cap could locate at the subject site, which would negate the effectiveness of the cap. These issues need to be carefully considered by DP&I in its final assessment of the floorspace cap.

5. We agree that ideally the floorspace areas and the use split would be known before conducting an economic impact assessment. However, in this case it is not possible and so a number of different scenarios have been tested by Leyshon and HillPDA.

6. Various configurations were tested by HillPDA each with a total floorspace of 19,000sqm. We do however agree that the impacts will be very different with different assumed mixtures of floorspace types.

7. We agree that the assumed RTD for the Dan Murphys store appears to be on the low side. The ALDI RTD appears to be a little conservative, but reasonable. This will result in a greater impact being felt on other centres within the trade area. However, this would unlikely result in turnover reduction at significant levels but retail simulation (gravity) modeling would have to be run to verify this.
8. A 5% reduction in turnover would generally be considered insignificant in retail impact terms.

Fairfield submission

The key findings from our review of the Fairfield Council submission are listed below:

1. We agree with the assertion that reliance on historical retail data for retail expenditure projections is optimistic given the changing nature of retail.
2. 'Significance' as discussed in the HillPDA impact tests refers to whether a reduction in turnover would likely jeopradise the viability of the affected centre. Although there is no universally accepted 'significant' level, generally a turnover reduction of between 2% and 4.8% would not be considered significant.
3. We agree with Fairfield Council's concern that it may be difficult to enforce limits on the use of the site for factory outlets.
4. We do not think there will be significant overlap between bulky goods expenditure and retail outlet expenditure. Part of the HillPDA test is a 'with development' versus 'without development' test in the first year of expected operation – this is a legitimate way of conducting impact tests.
5. Marketinfo is based on a statistical adjustment of the ABS household expenditure survey and has become the industry standard for the production of small area household expenditure data. We feel it is a legitimate data source.
6. We agree that HillPDA retail expenditure forecasts are likely to be on the optimistic side given more recent retail performance and the ongoing challenges facing the traditional retail industry.
7. We agree that the Leyshon report does not make any attempt to assess impacts below the LGA level and suggest that the lack of an impact assessment on individual centres is most significant failing of the Leyshon report.
8. We agree that the extent of traditional retail activities at the subject site will have a significant bearing on the impacts felt by existing centres
9. We concur with the strengths of the HillPDA analysis identified by Norling Consulting.
10. Marketinfo is based on a statistical adjustment of the ABS household expenditure survey and has become the industry standard for the production of small area household expenditure data. We feel it is a legitimate data source. We would seek clarification on the assertion by Norling Consulting that Marketinfo estimates are overstated by 10-15%
11. We agree that all retail centres within the identified trade area should be included in the impact analysis.
12. As far as possible and reasonable, all known retail floorspace should be included in the system being modelled. This should include approved developments in the pipeline.

Westfield submission (Urbis report)

The key findings from our review of the Westfield submission (Urbis report) are listed below:

1. We broadly agree with the input assumptions for the generation of retail expenditure forecasts.
2. We broadly agree with the supply pipeline described by Urbis; however the inclusion of proposed but not yet approved stores is probably going too far. We would suggest only including proposed and approved development.

3. The description of the 'competitive usage' model is unclear but it seems to operate as a retail gravity model based purely on a proportional adjustment of existing turnover – i.e. it does not take into account the accessibility or attractiveness of competing centres.
4. Trading impacts are only assessed for Liverpool CBD. The retail impact tests should include the impacts on all centres within the defined retail system.
5. We suggest that the scenario 2 (i.e. 19,000sqm general retail floorspace) is not realistic. In essence, the scenario assumes that the outlet centre would turn into a single DDS based sub-regional centre; this is not likely to happen.
6. In terms of total retail turnover impacts on Liverpool CBD from outlet retailing development, the Urbis assessment of cumulative turnover reduction at 6% is below the generally accepted threshold for significance.
7. In terms of total retail turnover impacts on Liverpool CBD from a general retail development, the Urbis assessment of cumulative turnover reduction at 8% is below the generally accepted threshold for significance.
8. The Urbis quoted impacts on the apparel commodity group of 12.7% is significant *for this group*. However, the real question of impact should be focused on the viability of the centre as a whole – not individual retailers or even individual commodity groups.
9. While we accept that apparel and food retailers in Liverpool CBD may have limited capacity to be able to absorb a turnover reduction of 10% and that an increased level of vacancy would be a likely outcome, it would be useful here to illustrate the 'tipping point' for retailers' viability with reference to current benchmark and resultant RTDs. As it stands, there is insufficient evidence in the report to suggest that impacts on the CBD as a whole would be such that its role, function, or viability would be threatened.

SGS Conclusion

Although the precise nature of development at the subject site in terms of the floorspace mix is not known, all of the reviewed impact analysis suggests that impacts on Liverpool CBD and other centres within a reasonably defined primary trade area will not feel a significant trading impact in the first year of operation given various assumed development scenarios at the subject site.

While SGS raises a few minor issues with model inputs/ assumptions and there are a few points for clarification, in broad terms we support the approach taken in the HillPDA retail impact analysis. Notwithstanding the above point, a change in floorspace mix at the subject site will be likely to substantially change the pattern of retail impacts. In particular, a large shift away from outlet retail to more general retail would likely have significant impacts – particularly on Liverpool CBD and Westfield as its retail anchor.

The Urbis analysis tests a scenario with the highest general retail proportion (100%, a total of 19,000sqm). In this case although the total impact on Liverpool CBD in terms of turnover reduction is still below generally accepted levels for significance, Urbis highlight that individual commodity groups would likely experience significant impacts. While we do not feel there is sufficient evidence presented in the reviewed reports to suggest that this would in turn threaten the viability of Liverpool CBD as a whole, it is nevertheless imperative that planning controls are drafted such that outlet retailing is the focus and general retail uses are restricted to minimum levels (i.e. levels that have been shown to have insignificant impact through retail modelling).

In terms of the range of likely impacts on centres, Liverpool CBD would feel the greatest impact (and as a result Liverpool CBD has been the focus for much of the economic impact analysis). Bonnyrigg and Fairfield would both likely experience much lower level impacts in terms of turnover reduction. In the HillPDA cumulative impact assessment, turnover reduction at Fairfield is 2.8% and is 3.6% for Bonnyrigg in 2016 compared with a reduction of 7.8% for Liverpool CBD in 2016. Although we would need to conduct our own retail simulation modelling to conclude on the likely impacts felt by these centres, we can examine the implied resultant RTDs in the HillPDA analysis as a sense check. Working from HillPDAs cumulative impacts table, the RTDs for these centres are as follows:

- Liverpool $5,052/sqm (2012) $5221/sqm (2016 with proposal)
- Fairfield $4590/sqm (2012), $4772/sqm (2016 with proposal)
- Bonnyrigg $4068/sqm (2012), $4194/sqm (2016 with proposal)

In each case the resultant RTD in 2016 is higher than the current level. This is the result of expenditure growth in the trade area. This shows that although each centre experiences a turnover reduction in 2016 compared to likely turnovers if the proposal did not proceed, the resultant RTDs are still higher than current RTDs. On the basis of these numbers, this suggests that the impact would be such that viability is not affected.

1 INTRODUCTION

1.1 Background

In October 2011, Liverpool City Council submitted a planning proposal to the Department to amend the Liverpool LEP 2008 to facilitate the reuse of an existing weekend market building for a retail outlet centre. The Gateway Determination approved the progression of the planning proposal for the purposes of public exhibition, subject to conditions (20 December 2011). The planning proposal was publicly exhibited between 3 October 2012 and 31 October 2012.

The planning proposal applies to land located at the intersection of Viscount Place and Orange Grove Road, Orange Grove, approximately 2km to the north of the Liverpool Regional Centre. The site is part of a larger complex comprising of the Liverpool Mega Centre which is a mixture of bulky goods retail, food and drink premises and business premises.

The proposal seeks to include 'retail premises' as an additional permitted use on the subject site under Liverpool Local Environmental Plan 2008. Further, the LEP will also seek to limit the gross floor area of all retail premises on the site to a maximum of 19,000sq.m and limit the gross floor area of any single tenancy on the site to 1,200sq.m.

The proposed amendment will facilitate the conversion of the existing single storey building to 63 discount outlets for the sale of clothing, electrical goods, homewares and the like.

Proposed Change to LLEP 2008	Purpose
Maintain the current 'B5 Business Development' zone and amend Schedule 1 to facilitate an additional use on the site for "retail premises"	The proposed 'outlet centre' is defined as a retail premises. Where the use of all or part of the building for retail outlet centre is not feasible, retaining the current B5 zone will allow part, or all, of the site to be utilised for a bulky goods premises without further amendment to the LLEP2008.
Limit the area of "retail premises on the subject site to 19,000sqm (i.e. the total floor area of the existing building including the area of the basement)	Limiting the retail floor area will restrict excessive development and ensure predicted impact which has been modelled as part of the assessment.
Limit the size of any single tenancy to 1,200sqm	To prevent large anchor tenants (e.g. department stores and supermarkets) from operating from the premises.

Source: Liverpool City Council September 2011

A condition of the Gateway Determination required justification of the impact and potential loss in trade to the Liverpool CBD. Council commissioned the Liverpool Cumulative Economic Impact Study (Hill PDA, July 2012) and a subsequent peer review by Hill PDA on Leyshon's Economic Impact Assessment submitted with the proposal. The Liverpool Cumulative Economic Impact Study found the proponents intended use of the site, a 'brand outlet centre', would have a low to moderate impact on retail in the Liverpool CBD and a brand outlet centre in Campbelltown (both -5.8%) and low level impacts on 16 other surrounding centres.

On 9 January 2013, Liverpool City Council returned the proposal to the Department for finalisation. Issues requiring further consideration have been identified including the need for a qualified consultant to independently review aspects of the planning proposal and supporting technical documents, particularly in relation to the economic impact of the proposal on surrounding centres.

1.2 Scope of study

The Department of Planning & Infrastructure DP&I requires an independent review of the cumulative economic impact of proposed retail development at Orange Grove on existing retail centres. The review should assess the reasonableness of Council's assessment of the Planning Proposal based on a review of the Liverpool Cumulative Economic Impact Study and a subsequent review by HillPDA of Leyshon's Economic Impact Assessment. The review is to have particular regard to:

- The conclusions drawn on impacts on Liverpool City Centre
- The conclusions on impacts on other centres including any impacts on centres not considered (Bonnyrigg and Fairfield town centres)

2 LEYSHON REPORT

2.1 Existing retail strategy

After presenting some background material on the site and the development proposal, the Leyshon report outlines the findings of the 2006 'Liverpool City Retail Centres Review'.

This 'centres review' estimates demand for retail floorspace in the Liverpool LGA up to 2031. Population was projected to grow to 313,834 (increase of 136,056). This was estimated to equate with retail floorspace demand of 144,553sqm. In relation to the established areas of Liverpool, the centres review included provision for an additional 61,140sqm in the CBD with 48,500 in specialist centres at Crossroads, Orange Grove and other location within the LGA

The centres review did not separately address the need for outlet retailing in the LGA. The review also considered the LGA as a closed system – with no escape expenditure and no inflows from other areas

Assuming that there will be no escape expenditure is unrealistic. Even for a large LGA such as Liverpool, some escape expenditure is likely and incoming spending will not likely balance this. As a result assuming a closed system would be likely to inflate the available expenditure numbers thereby inflating the supportable retail floorspace numbers. According to the 2010/11 BTS Household Travel Survey, there were 56,853 shopping trips leaving the Liverpool LGA and 53,991 shopping trips entering the LGA. This indicates a net loss of 2843 shopping trips to centres outside the LGA.

The Leyshon report notes that given the position of the Orange Grove site on the northern border of the LGA, substantial residential areas of Fairfield LGA are closer to the site than residential areas within Liverpool itself.

2.2 Demand context

Population growth

Population growth in Liverpool LGA is reported at 1.9% pa with growth expected to continue at a relatively high level until at least 2036. NSW DP&I population forecasts for the LGA are reported as:

- 170,900 persons (2006) to 284,600 persons (2036)

Leyshon suggests that the DP&I forecast may be too conservative. In 2010, ABS the ERP figure for Liverpool was 184,481 persons. With an average annual growth rate of 1.9% this would suggest a 2011 population of 189,000 persons – 1.5% higher than the DP&I figures. Despite this, Leyshon adopts the lower DP&I figures for the retail analysis. These are shown below.

TABLE 3.1
POPULATION PROJECTION – LIVERPOOL and SURROUNDING LGAs, 2006-21

Period ...	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly	Total Trade Area
2006	170,900	187,300	147,400	50,900	41,200	597,700
2011	186.300	191,600	154,400	67,200	45,000	644,500
2016	202,000	196,200	167,500	96,300	48,300	710,300
2021	230.900	202.500	184,500	124.800	53,000	795,700
Change 2006-21	**60,000**	**15,200**	**37,100**	**73,900**	**11,800**	**198,000**
Average Annual Growth 2006-31 (%)	2.03	0.52	1.51	6.16	1.69	1.93

Source: Department of Planning 2010.

Retail spending

Retail spending estimates are based on derived per capita retail spending. Data sources used are sated as:

- ABS Census 2006
- ABS 2003-2004 Household Expenditure Survey
- ABS Consumer Price Index - NSW
- ABS Changes in Ave Weekly Earnings 2006-2010

Per capita spending estimates are shown below:

TABLE 3.2
SUMMARY of 2006 AVERAGE HOUSEHOLD INCOME and 2010 PER CAPITA RETAIL SPENDING LIVERPOOL REGION

	– LGA –				
Factor ...	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly
Household Income ($2006; $ per annum)	$65,032	$55,885	$63,845	$77,809	$71,909
Per Capita Retail Spending ($2010; $ per annum)	$9,662	$8,450	$9,859	$10,515	$10,297

Source: ABS Census 2006 and Leyshon Consulting Estimates, May 2011.

Expenditure projections are derived by combining population forecast and per capita spending estimates. These figures are shown below:

TABLE 3.3
SUMMARY of AVAILABLE RETAIL SPENDING 2006-21 LIVERPOOL REGION ($2010; $ Mil per annum)

Period ...	Liverpool	Fairfield	Campbelltown	Camden	Wollondilly	Total Trade Area
2006	$1,651.2	$1,582.6	$1,453.3	$535.2	$424.2	$5,646.6
2011	$1,804.5	$1,623.0	$1,526.1	$708.4	$464.5	$6,126.5
2016	$1,964.6	$1,668.8	$1,662.4	$1,019.3	$500.6	$6,815.8
2021	$2,360.3	$1,810.2	$1,924.5	$1,388.4	$577.4	$8,060.7
Change 2006-21	$709.0	$227.6	$471.2	$853.2	$153.1	$2,414.2

Source: TABLES A1-A4 APPENDIX A.

In Liverpool LGA, the total available retail spending is estimated to increase from $1.651 billion in 2006 to $2.360 billion in 2021, an increase of $709 million pa.

Floorspace demand

The projected retail spending figures are converted to floorspace by applying an assumed Retail Turnover Density. The Leyshon report uses an RTD of $5,500 per sqm. This results in the following retail floorspace projections:

- Liverpool LGA 128,910sqm
- Balance of Region 310,000sqm
- Total 438,910sqm

2.3 Potential impact

The Leyshon impact analysis is based on the following assumptions:

- If rezoned to B6 Enterprise Corridor the site would have an FSR of 0.75:1
- Given the sites size of 4.822 Ha this could potentially permit 36,165sqm GFA

The Leyshon report provides a background to outlet retailing in Australia and lists a number of existing outlet centres and precincts. This list is shown below.

TABLE 4.1
EXISTING OUTLET CENTRES and PRECINCTS – AUSTRALIA, 2011

Name ...	Location	Estimated Floorspace (Sq.M.)
DFO Homebush	Homebush, NSW	16,500
Stockland	Mount Druitt, NSW	8,000
Birkenhead Point	Drummoyne, NSW	15,922
SupaCenta	Tuggerah, NSW	10,000
Brand Smart	Nunawading, VIC	9,000
DFO	Cheltenham, VIC	17,000
Bridge Road[1]	Richmond, VIC	11,160
Smith Street[1]	Collingwood, VIC	6,680
Harbour Town[2]	Biggera Waters, QLD	20,000
DFO Airport	Hendra, QLD	24,000
Harbour Town	West Beach, SA	12,000
Harbour Town	West Perth, WA	24,000
Harbour Town[2]	Docklands, VIC	30,000

Notes:
1. Precinct.
2. Outlet part of centre.

Sources: Property Council of Australia and Leyshon Consulting Research, 2011.

The Leyshon report suggests that these outlet centres/ precincts appear to have been absorbed into their respective retail systems without causing any major impact on established traditional retail centres. The report notes that market share for outlet centres is difficult to estimate but points to a 1997 American study that records the market share of outlet centres as 0.9% of total non-auto sales.

The Leyshon report points out that outlet centres tend to have large trade areas and points to a survey conducted by Leyshon at DFO in Homebush which found that DFO attracted shopper from across the Sydney region. Leyshon concludes that outlet centres have trade areas that encompass a substantial proportion of a wide metropolitan and their extent is unmatched by any other individual retail type.

To estimate retail sales at the proposed development, a floorspace split is assumed to be:

- Clothing, footwear and accessories 71.5%
- Household goods 19%
- Other merchandise 9.5%

Projected sales at the subject site are estimated based on an RTD of $5,030 per sqm

We broadly agree with this RTD, the RTD for a mini major (GLA>400sqm) in a sub-regional centre is around $5100 according to Urbis Retail Averages.

Sales estimates are shown below.

TABLE 4.3
PROJECTED SALES – PROPOSED OUTLET CENTRE ORANGE GROVE, 2011 (S2010)

Category ...	Area (Sq M.)	Rate ($/Sq.M./p.a.)	Total Sales ($ Mil. p.a.)
Clothing/Footwear/Accessories	7,500	$5,500	$41.3
Household Goods	2,000	$3,500	$7.0
Other	1,000	$4,500	$4.5
Total Centre	**10,500**	**$5,029**	**$52.8**

Source: Leyshon Consulting Estimates, May 2011.

The source of expenditure is assumed to follow the following pattern:

- Liverpool 40% - $21.1 million
- Adjacent LGAs 45% - $23.8 million
- Other areas 15% - $7.9 million

The assumed expenditure coming from adjacent LGAs and other areas is quite high (60% combined). A high percentage is to be expected for an outlet retail function and Leyshon does support this with some survey based evidence from work with DFO in NSW and Victoria.

The resultant market shares are reporting as being

- Liverpool 1.2%
- Adjacent LGAs 0.6%

The sales of outlet centres are reported to be narrowly concentrated in the 'clothing, footwear and accessories' category. Total available annual expenditure in the LGA in this category is projected to be $173.4 million in 2011. As a result the proposed site would constitute around 8.5% of total available expenditure. Further, Leyshon suggests that total sales in this category for the LGA will increase from $173.4 million in 2011 to $226.8 million in 2021 – a real increase of $53.4 million or 3.5 times the likely sales at the proposed centre. On this basis the Leyshon report concludes that:

> "...it is extremely unlikely that the proposed outlet centre would have any deleterious effect on the viability of any existing shopping centre within Liverpool or adjacent LGAs'
> Leyshon (2011) p.18

Further to this, Leyshon suggests that any impact would be mitigated by anticipated expenditure growth within a period of 5 years.

While we accept that future anticipated growth in available retail expenditure is a legitimate concern, we would suggest that this is a secondary matter and the emphasis should be on an examination of the trading impacts in the first year of operation in terms of turnover reduction and the resultant RTD.

Other retail

To determine the impact of 'other retail' Leyshon assumes the following:

- 10,000sqm for traditional retailing possibly including a supermarket
- 5,000sqm for bulky goods/ big box retailing
- Estimated sales of $82.5 million in 2011

Leyhson estimated that 80% of sales would be derived from spending from Liverpool LGA residents. This equates to 3.7% of total project annual expenditure.

This analysis is lacking a centre specific impact test. The retail impact analysis should focus on the shift in expenditure captured at all competing centres in the defined retail system. The resultant change in turnover in the first year of operation together with resultant RTD illustrates the impact.

2.4 Conclusion

Leyshon concludes with the following points:

- Outlet retailing at Orange Grove would provide residents of Liverpool and adjacent areas with much improved access to discounted clothing footwear and accessories
- Such a centre would require only a very small market share of available spending generated in Liverpool LGA (<1.5% pa in 2011)
- Even within the specific clothing , footwear and accessories sector it would only capture around 8.5% of available spending in 2011
- The project growth of expenditure in this specific sector in the period 2011-2021 will likely be 3.5 times the sales captured by the proposed development
- If the site were developed to contain an additional 15,000sqm of traditional retail floorspace it would generate sales of around $82.5 million – 3.7% of total available retail expenditure in the LGA in 2011. Hence even if maximum retail potential for the site was achieved this would only constitute 5% of available retail spending in Liverpool LGA
- The combined benefits of the proposed development and the likely relatively minimal impacts are sufficient to justify rezoning to B6 Enterprise Corridor to accommodate the proposed development

3 HILL PDA REPORTS

3.1 Peer Review of Leyshon report

Introduction

The HillPDA peer review of the Leyshon Economic Impact Assessment outlines previous court judgements relating to retail impact, the planning policy context and characteristics of outlet retailing to give a background for the peer review.

The HillPDA report notes that because outlet centres are few and far between, they attract shoppers from a much larger catchment area than traditional retail centres. Given that shoppers are being attracted into the area who might otherwise not have visited it, outlet centres have the potential to create spin-off (ancillary or secondary) trade for nearby retail centres.

We agree with the HillPDA assertion that outlet retail attracts shoppers from a large catchment. This aligns with our own experience.

In this particular case, the economic impact of an outlet centre on the subject site may in fact be a net positive for the LGA as it would lead to an increase in expenditure retained in the LGA in addition to a small capture in expenditure from residents outside of the LGA.

We agree with that outlet retail in isolation could be a net positive for the LGA. It follows that if a very large proportion of turnover capture is sourced from outside the LGA then there may in fact be a net positive impact for the LGA for this component.

Liverpool CBD would likely experience added competition and loss of trade as a result of the redirection of shopping trips by local residents from the CBD to the new outlet centre. The provision of an outlet centre would therefore be contrary to some of the aims of the NSW Draft Centres Policy which seeks to protect and enhance existing centres. Relevant planning instruments and LEC judgements require Council to consider the impacts on existing and planned centres rather than on the LGA as a whole.

The HillPDA peer review dissects the Leyshon analysis into the following elements:

- **Trade area.** HillPDA support the notion that outlet retailing draws trade from a wide area and agree with the inclusion of Fairfield LGA in the trade area. However, HillPDA note that the subregion already has an outlet centre in Campbelltown and this will limit the trade area in the south west. As a result Hill PDA suggest that the trade area is too large and that Camden, Campbelltown and Wollondilly should be classed as a 'secondary trade area'
- **Population growth.** Hill PDA supports the method used to project future population.
- **Retail spend.** HillPDA suggest that the per capita expenditure rates used in the Leyshon report are conservative, being 13% and 19% lower than the rates generated by using Marketinfo.
- **Target turnover.** HillPDA note that the Leyshon report uses an RTD of $5,500 per sqm for estimated total retail expenditure in 2011. This compares to $4,800 in the 1999 ABS Retail Census. Given an adjustment based on CPI plus a premium for new development, HillPDA supports the Leyshon analysis.
- **Outlet centre definition.** Hill PDA note that there has been discussion between Leyshon and Council to define 'outlet retailing. HillPDA note that there is nothing to preclude Council from

allowing outlet retailing while prohibiting general retailing but this would require outlet retailing to be properly defined and this is difficult given its nature.

- **Impact**. HillPDA have identified two significant concerns with the Leyshon impact analysis
  1. The Leyshon EIA does not seek to quantify the impact on any one individual centre but rather it averages the impacts across the Liverpool LGA
  2. The assumed floorspace split is thought to be unrealistic given that B6 zoning restricts individual retail premises to a maximum of 1,000sqm. As a result it may be unable to accommodate a medium to large sized supermarket.
- **Community & economic benefit**. HillPDA suggest that the proposed development would likely provide a higher social and economic benefit that if the site were retained for a weekend market use only.

Marketinfo has become the standard source for small area household expenditure forecasts. However both the Leyshon analysis and Marketinfo are based on an adjustment of the ABS Household Expenditure Survey.

A DFO type of retail may perform at a similar level as a mini major in a sub-regional centre, which has a turnover of around $5,100 per sqm. We therefore think the nominated RTD of $5,500 is reasonable.

HillPDA Expenditure modelling

HillPDA have completed expenditure and impact modelling as a sanity check on the Leyshon report. The HillPDA modelling has the following inputs/ assumptions:

- Expenditure calculations are based on ABS and Marketinfo 2009
- The primary trade area is defined as Liverpool and Fairfield LGAs
- The primary trade area had 370,000 persons in 2009 generating $3.9 billion in retail expenditure, which is forecast to increase to $4.6 billion in 2016
- Brand outlet expenditure represents 11% of total household expenditure
- Outlet store expenditure is forecast to increase from $431million in 2009 to $509 million in 2016 – an increase in $110 million (34%)
- RTDs used are: outlet - retailing $5000 per sqm, supermarkets - $6,000 per sqm, bulky goods retailing - $3,500 per sqm, specialty retailing - $6,000 per sqm

We agree with the defined primary trade area being limited to Liverpool and Fairfield LGAs. However, the retail expenditure forecasts may prove to be on the high side given recent changes in the retail environment

HillPDA have tested 3 scenarios.

- Scenario 1: 10,000sqm outlet retail, 10,000sqm traditional retail (1,000sqm supermarket, 9,000 specialty retail) 5,000sqm bulky goods retail. This scenario trades at $130 million.
- Scenario 2: 25,000sqm outlet retail (1,000sqm food and drink, 20,000sqm apparel, 4,000sqm homewares and other goods). This scenario trades at $124 million.
- Scenario 3: 20,000sqm outlet retail, 2,000sqm specialty retail, 3,000sqm bulky goods retail. This scenario trades at around $125 million.

While we accept that the composition of retail floorspace at the subject site is not known we would emphasise its importance to the retail impact modelling. Given the fact that outlet retail draws trade from a much broader area than more traditional retail, a higher proportion of general retail will likely result in a greater level of impact on Liverpool CBD and neighbouring centres. This is demonstrated in the HillPDA impact tests and is picked up in the text of their report.

HillPDA Impact modelling

HillPDA note that given the retail mix is unknown it will be difficult to quantify impacts. A larger outlet centre is expected to have a lesser impact on local retailers compared to a mix of retail floorspace. Moreover, it is noted that bulky goods retail floorspace would be likely to complement rather than detract from the existing bulky goods cluster at Orange Grove.

HillPDA have estimated redirected trade from other centres by using a retail gravity model. The model is based on the following principles:

- Like for like stores compete with one another.
- The level of redirected expenditure from a centre is directly proportional to the turnover of that centre. Hence more expenditure will be drawn from a centre with higher trading levels.
- The level of redirected expenditure from a centre is indirectly proportional to the distance from the subject site. This is based on the premise that shoppers will try to minimise distance, time and travel costs when travelling to undertake shopping

Gravity modelling is appropriate to determine the likely retail impacts. SGS retail modelling assumes that redirected turnover is a function of the competing offer of centres in the retail landscape where expenditure capture is determined by travel time (rather than distance used in the HillPDA model), the size of the centre, and its attractiveness as a retail destination.

It is not clear to what extent HillPDA have included retail floorspace that is in the supply pipeline – i.e. at various stages of approval or development but not yet built and operational.

Table 1 - Impact of Scenario 1 – Leyshon's Suggested Retail Mix

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space	Turnover in 2011	Turnover in 2015 without Proposal	Turnover in 2015 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2015	Shift in turnover from 2011 to 2015	% Shift in turnover from 2011 to 2015
Proposed Centre					129.5	129.5			
Liverpool CBD	2.0	119,850	620.0	697.8	634.9	-62.9	-9.0%	14.9	24%
Casula	5.7	26,100	155.0	174.4	170.6	-3.8	-2.2%	15.6	10.1%
Carnes Hill	10.6	17,400	121.7	137.0	135.1	-1.9	-1.4%	13.4	11.0%
Crossroads	7.7	57,650	202.0	227.4	225.2	-2.1	-0.9%	23.2	11.5%
Orange Grove	1.0	36,500	128.0	144.1	138.2	-5.8	-4.1%	10.2	8.0%
Warwick Farm	1.8	20,000	70.0	78.8	76.5	-2.3	-2.9%	6.5	9.3%
Fairfield	7.2	78,800	327.0	351.2	343.7	-7.5	-2.1%	16.7	5.1%
Cabramatta	3.2	41,500	204.0	219.1	208.7	-10.4	-4.8%	4.7	2.3%
Prairiewood	8.2	36,250	268.8	288.7	283.0	-5.7	-2.0%	14.2	5.3%
Brands on Sale	19.1	11,000	54.0	58.9	58.0	-0.9	-1.6%	4.0	7.4%
Other Localities						-26.1			
TOTAL		**445,050**	**2150.5**	**2377.3**	**2403.4**	**0.0**	**1.1%**	**123.4**	**11.8%**

Table 2 - Impact of Scenario 2 – 25,000sqm Brand Outlet Centre

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space	Turnover in 2011	Turnover in 2015 without Proposal	Turnover in 2015 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2015	Shift in turnover from 2011 to 2015	% Shift in turnover from 2011 to 2015
Proposed Centre					124.5	124.5			
Liverpool CBD	2.0	119,850	620.0	697.8	636.7	-61.2	-8.8%	16.7	2.7%
Casula	5.7	26,100	155.0	174.4	171.0	-3.4	-2.0%	16.0	10.3%
Carnes Hill	10.6	17,400	121.7	137.0	134.7	-2.3	-1.7%	12.9	10.6%
Crossroads	7.7	57,650	202.0	227.4	227.4	0.0	0.0%	25.4	12.6%
Orange Grove	1.0	36,500	128.0	144.1	144.1	0.0	0.0%	16.1	12.6%
Warwick Farm	1.8	20,000	70.0	78.8	78.8	0.0	0.0%	8.8	12.6%
Fairfield	7.2	78,800	327.0	351.2	343.0	-8.2	-2.3%	16.0	4.9%
Cabramatta	3.2	41,500	204.0	219.1	213.1	-6.0	-2.7%	9.1	4.4%
Prairiewood	8.2	36,250	268.8	288.7	281.1	-7.6	-2.6%	12.3	4.6%
Brands on Sale	19.1	11,000	54.0	58.9	56.9	-2.0	-3.3%	2.9	5.5%
Other Localities						-33.8			
TOTAL		**445,050**	**2150.5**	**2377.3**	**2411.2**	**0.0**	**1.4%**	**136.2**	**12.1%**

Table 3 - Impact of Scenario 3 – Mixed Bulky Goods, Convenience Retail and Brand Outlet Centre

Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space	Turnover in 2011	Turnover in 2015 without Proposal	Turnover in 2015 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2015	Shift in turnover from 2011 to 2015	% Shift in turnover from 2011 to 2015
Proposed Centre					125.5	125.5			
Liverpool CBD	2.0	119,850	620.0	697.8	641.0	-56.8	-8.1%	21.0	3.4%
Casula	5.7	26,100	155.0	174.4	170.1	-4.3	-2.5%	15.1	9.8%
Carnes Hill	10.6	17,400	121.7	137.0	134.4	-2.6	-1.9%	12.7	10.4%
Crossroads	7.7	57,650	202.0	227.4	226.1	-1.3	-0.6%	24.1	11.9%
Orange Grove	1.0	36,500	128.0	144.1	140.6	-3.5	-2.4%	12.6	9.8%
Warwick Farm	1.8	20,000	70.0	78.8	77.4	-1.4	-1.7%	7.4	10.6%
Fairfield	7.2	78,800	327.0	351.2	342.3	-8.9	-2.5%	15.3	4.7%
Cabramatta	3.2	41,500	204.0	219.1	211.1	-8.0	-3.6%	7.1	3.5%
Prairiewood	8.2	36,250	268.8	288.7	281.1	-7.6	-2.6%	12.3	4.6%
Brands on Sale	19.1	11,000	54.0	58.9	57.4	-1.5	-2.6%	3.4	6.2%
Other Localities						-29.6			
TOTAL		**445,050**	**2150.5**	**2377.3**	**2406.9**	**0.0**	**1.2%**	**130.9**	**11.9%**

The modelling assumes the following:

- 25% of the brand outlet centre turnover is redirected from centres beyond the primary trade area
- 15% of bulky goods expenditure is redirected from centres outside of the primary trade area
- 10% of all other expenditure is redirected from other centres not listed in the tables
- Liverpool centre will increase turnover at 4% per annum due to population growth (1.7%) and real growth in retail expenditure (1.3%). 1.3% being the historical trend since 1986
- Fairfield centres will increase turnover at 1.8% per annum due to a population growth (0.5%) and real growth in retail spend

HillPDA acknowledge that the modelling does not consider cumulative impacts.

The retail trend data used here may be out of date given the relatively flat recent retail trade patterns. Projecting a straight line from the long run trend may fail to account for the fundamental shift affecting the retail industry with the rapid growth of online retail.

We note that the report does not assess cumulative impacts but these are assessed in a separate report

HillPDA suggest that there is no universal measure of significant impact. However there are various references in consultants' reports and LEC statements that loss of trade below 5% is insignificant, 10-15% is moderate to high and 15% is strong or significant.

We agree that there is no universal measure of significant impact. The significance of a percentage turnover impact will depend on the particular circumstances of that impact. We would suggest that 10% is the threshold for significance but it's important to also examine the resultant RTD. A centre may be able to tolerate a high impact if it retains a reasonable RTD and by the same logic a relatively small percentage turnover impact may threaten viability if the current RTD is very low.

The model shows that the immediate impact on Liverpool CBD will be lower than 10% which is not considered a strong impact. However, HillPDA note that Westfield is not as strongly performing centre having retail sales around $436 million in 2010 which equates with an RTD of $5,805 per sqm, 11% below the 91 'big gun' shopping centres. HillPDA estimate the introduction of the proposed development at Orange Grove would likely relegate the centre further 15%-19% below the national median but also point out that this would still be unlikely to threaten the sustainability of the Westfield centre.

As Westfield is an anchor for Liverpool CBD, its viability is a legitimate concern. Performance should be carefully examined; a failing Westfield could threaten the role and function of Liverpool centre.

We agree that 10% falls below the most commonly accepted levels of significant impact. The resultant RTD would also unlikely be at a level that would threaten the viability. However, it would be useful if HillPDA could provide more supporting information to demonstrate that Westfield will be able to operate with a reduced RTD

In addition, HillPDA note that in less than 5 years trading levels will resume to near 2011 levels. In conclusion HillPDA suggest that the impacts are more short than long term and that they are manageable. Impacts on all other centres are below the 5% mark and are considered insignificant.

We agree that the growth projections will bring trading levels back into pre-impact levels and this is a significant consideration. However, it is nonetheless a secondary issue after consideration of the trading impacts and resultant RTD in the first full year of operation.

3.2 Cumulative economic impacts study

In 2012 HillPDA completed a cumulative impacts assessment in response to a submission made by Fairfield Council (11th April 2012) which highlights the fact that none of the economic studies provide an estimate of the cumulative impacts.

In the modelling retail expenditure growth is forecast to be 1.2% pa (this is lower than the 1.3% pa in the 2012 HillPDA Retail Centres Review). The proposals included are as follows:

- **Amendment 19 – B6 zoned land at Orange Grove Road**. This amendment rezoned land fronting Orange Grove Road from B5 Commercial Development to B6 Enterprise Corridor zoning. It also amended Clause 7.23 of the Liverpool LEP 2008 to increase the maximum gross floor area of individual retail premises in the B6 Enterprise Corridor zone from 1,000sqm to 1,600sqm.

- **Amendment 22 – 5 Viscount Place.** This amendment relates to the "weekend markets" site. It seeks to add a clause in Schedule 1 of the Liverpool LEP 2008 to make "retail premises" permissible. This would facilitate the operation of a brand outlet premises. Retail premises floorspace would be restricted to 19,000sqm in total, with individual tenancies being restricted to 1,200sqm each
- **Amendment 23 – 1 Hoxton Park Road.** This amendment seeks the rezoning of the former Council administration building on Hoxton Park Road to B6 uses. Given the position of this site and the range of permissible uses under the B6 zoning, we are of the view that any retail or bulky goods development which may eventuate from this amendment is unlikely to draw any significant trade from beyond Liverpool LGA. As such proposed Amendment 23 is not considered further in this Study
- **Amendment 26 – Costco at Crossroads.** This amendment relates to land at Beech Road, Crossroads on which additional permitted uses are sought under Schedule 1. This is sought in order to allow the development of a Costco large format retail premise under the current B5 zoning

Impacts of Orange Grove

Inputs/ assumptions used in the Orange Grove modelling are as follows:

- Given the unique attraction of brand outlet premises the proposed development at Orange Grove would draw from a large trade area which would extend to include both Fairfield and Liverpool LGAs. Liverpool and Fairfield LGAs are defined as consisting the PTA for the proposed development
- The proposed brand outlet premises could also expect to attract some trade from the Macarthur Region (comprising Campbelltown, Camden and Wollondilly LGAs) although at a significantly lower level than within the PTA. This is because of the strong attraction of this type of retailing and the comparative lack of existing provision in this geographical area. This area is defined as constituting the STA for the proposed development.
- The composition of floorspace to be provided at Orange Grove is not known at this stage. For the purposes of this Study it is assumed that 85% of the proposed floorspace would be used for the sale of apparel and 15% would be used for "other" retailing such as households goods and food consumed on premises
- We note that the proportion of apparel sales assumed by Hill PDA is somewhat higher than that referenced in the Economic Impact Assessment which accompanied the rezoning application for the site. The Economic Impact Assessment assumed that 71.5% of the proposed floorspace would be used for clothing, footwear and accessory sales, 19% for household goods sales and 9.5% for sales of other merchandise
- Given the amended wording of Clause 7.23 of the Liverpool LEP 2008, which would permit retail premises of up to 1,600sqm, the development of a food store of 1,500sqm (such as ALDI) at Orange Grove has also been assumed.

Target turnover rates are shown below

Table 1 - Estimated Turnover of Proposed Developments at Orange Grove ($2010)

	Floorspace (sqm GFA)	Target Turnover ($/sqm)*		Turnover ($m)	
		2012	2016	2012	2016
Brand Outlet Premises					
Apparel (85% GFA)	12,750	5,500^	5,633	70.1	71.8
Other Retail Goods (15% GFA)	2,250	4,000	4,097	9.0	9.2
Café	300	6,500	6,657	2.0	2.0
Total Brand Outlet Premises	*15,300*	-	-	*81.1*	*83.0*
B6 Lands					
Dan Murphy's	1,200	8,000	8,194	9.6	9.8
Other Food Retailer	1,500	8,000	8,194	12.0	12.3
Total B6 Lands	*2,700*	-	-	*21.6*	*22.1*
Total Orange Grove	**18,000**	-	-	**102.7**	**105.2**

Source: Hill PDA ^ Clothing and footwear related stores in metropolitan locations such as Liverpool LGA can expect to trade at around $5,000sqm. Given the unique retailer offer provided by a brand outlet premises and its trade area it can expect to trade at above average levels * Target turnover levels are forecast to increase at a rate of 0.6% per annum above the CPI rate in line with the historic trend

We understand that the precise retail split for the site is not yet known. However, the proposed retail split tested by HillPDA appears reasonable. The floorspace split is significant because a higher proportion of floorspace devoted to non 'outlet retail' premises would likely result in a greater local impact. This is due to the typically large trade areas for outlet retail.

We are generally happy with the nominated RTDs. However, the nominated RTD for Dan Murphys is a little conservative. This store type could trade as high as $13,000 per sqm

Impacts are assessed by using a retail gravity model (described above). The results are shown in the table below.

Table 2 - Retail Impact of Amendments 19 and 22 at Orange Grove ($m in $2010)

Retail Centre	1 Distance from Subject Site (mins)	2 Approx. Retail Floor Space (sqm)	3 Turnover in 2012 ($m)	4 Turnover in 2016 without Proposal ($m)	5 Turnover in 2016 with Proposal ($m)	6 Immediate Shift in Turnover ($m)	7 % Shift in Turnover in 2016	8 Shift in turnover 2012 to 2016 ($m)	9 % Shift in turnover 2012 to 2016
Proposed Retail	-				105.2	105.2			
Existing Retailers	-	36,500	115.0	128.9	128.9	0.0	0.0%	13.9	12.1%
Total Orange Grove	-	*36,500*	*115.0*	*128.9*	*234.1*	*105.2*	*81.6%*	*119.1*	*103.6%*
Liverpool City Centre	3.0	119,850	605.5	678.8	639.7	-39.2	-5.8%	34.2	5.6%
Casula	10.0	26,100	165.0	185.0	181.9	-3.1	-1.7%	16.9	10.2%
Carnes Hill	14.0	17,400	122.1	136.9	134.7	-2.3	-1.7%	12.5	10.2%
Moorebank	10.0	6,750	46.0	51.6	50.9	-0.6	-1.2%	4.9	10.7%
Green Valley	12.0	10,700	73.0	81.8	81.0	-0.8	-1.0%	8.0	11.0%
Miller	9.0	10,850	54.6	61.2	60.4	-0.8	-1.3%	5.8	10.6%
Wattle Grove	13.0	3,150	21.0	23.5	23.3	-0.2	-0.8%	2.3	11.2%
Crossroads	11.0	57,650	202.0	226.5	226.5	0.0	0.0%	24.5	12.1%
Warwick Farm	3.0	20,000	70.0	78.5	78.5	0.0	0.0%	8.5	12.1%
Fairfield	11.0	78,800	361.7	386.9	379.6	-7.3	-1.9%	17.9	4.9%
Bonnyrigg TC	7.0	32,450	132.0	141.2	138.0	-3.2	-2.2%	6.0	4.6%
Cabramatta	4.0	41,500	204.0	218.2	214.1	-4.1	-1.9%	10.1	5.0%
Prairiewood*	12.0	36,250	264.1	282.5	276.4	-6.1	-2.2%	12.3	4.7%
Canley Heights	4.0	10,550	62.8	67.2	66.1	-1.1	-1.6%	3.3	5.2%
Brands on Sale	22.0	13,000	61.0	65.5	61.7	-3.8	-5.8%	0.7	1.2%
Campbelltown	20.0	75,350	352.0	375.1	370.6	-4.5	-1.2%	18.6	5.3%
Macarthur Square	25.0	75,200	537.3	572.5	564.0	-8.5	-1.5%	26.7	5.0%
Blaxland Road BG	22.0	51,950	182.0	193.9	193.9	0.0	0.0%	11.9	6.6%
Ingleburn	24.0	22,250	110.5	117.8	117.0	-0.7	-0.6%	6.5	5.9%
Minto Mall	24.0	26,650	68.0	73.0	72.5	-0.5	-0.7%	4.5	6.6%
Glenquarie	18.0	15,500	86.7	92.4	91.7	-0.6	-0.7%	5.0	5.8%
Other Localities	-	-	-	-	-	-17.7	-	-	-
TOTAL	-	**788,400**	**3,896.4**	**4,239.2**	**4,256.9**	-	**0.4%**	**360.5**	**9.3%**

1 Drivetime in minutes derived from Googlemaps.

2 Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys.

3 Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.

4 Allows for population growth (variable for each centre) and real growth in retail spend per capita of 1.2% per annum in line with historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes).

5 The turnover of localities following the proposed development. The forecast turnover of the proposed development is distributed between localities based on distance and size.

6 Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. Column 4 minus Column 5).

7 Immediate percentage shift is shift in turnover divided by the turnover in 2010 without the development proceeding.

8 This is the shift in turnover from 2012 to 2016 after the opening of the new development.

9 This is shift in turnover from 2012 to 2016 divided by the based turnover in 2012.

* Stockland Wetherill Park.

The gravity model indicates (Column 6) that in absolute terms the greatest levels of impact will be on Liverpool City Centre ($39m immediate loss of trade in 2016). In terms of proportional impacts (Column 7), Liverpool will experience a 5.8% decline in trade in 2016 as a direct result of the proposed developments and Brands on Sale will also lose 5.8% in trade. On this basis, the proposed development would equate to a low to moderate impact on Liverpool City Centre and on the Brands on Sale outlet in Campbelltown. All other centres will experience an insignificant impact – less than 5% loss in trade. Over the 2012 to 2016 period all centres will experience an increase in the quantum of expenditure captured (Column 8) if the proposed development is implemented. Thus all centres will experience a positive shift in trade over the 2012 to 2016 period

Impacts of Costco

Inputs/ assumptions used in the Costco modelling are as follows:

- The Costco store proposed at Crossroads comprises approximately 13,000sqm of sales floorspace.
- The main trade area for the proposed development which comprises a 30-minute drive time and encompasses an area approximately bounded by Prospect Creek in the north, Holsworthy Military Reserve in the east, the Blue Mountains National Park to the west and the townships of Yanderra and Buxton to the south. Within this main trade area a PTA is defined which encompasses the

eastern part of Liverpool LGA, the western part of Fairfield LGA, the northern part of Campbelltown LGA and the north-western part of Camden LGA

- The total turnover of the proposed development would be in the order of $120m ($2010) in 2013. Of this, 67% (or $80.8m) would be derived from households and 33% ($39.6m) generated from sales to small businesses
- 90% of the household goods related turnover captured by the proposed Costco would be derived from within the main trade area, according to the supporting Economic Impact Assessment

Impacts are assed by using a retail gravity model (described above). The results are shown in the table below.

Table 4 - Retail Impact of Amendment 26 ($m in $2010)

Retail Centre	1 Distance from Subject Site (mins)	2 Approx. Retail Floor Space (sqm)	3 Turnover in 2012 ($m)	4 Turnover in 2016 without Proposal ($m)	5 Turnover in 2016 with Proposal ($m)	6 Immediate Shift in Turnover ($m)	7 % Shift in Turnover in 2016	8 Shift in turnover 2012 to 2016 ($m)	9 % Shift in turnover 2012 to 2016
Proposed Centre	-	-	-	-	82.3	82.3	-	-	-
Existing Retailers	-	57,650	202.0	226.5	224.1	-2.4	-1.0%	22.1	10.9%
Total Crossroads	-	*57,650*	*202.0*	*226.5*	*306.4*	*79.9*	*35.3%*	*104.4*	*51.7%*
Liverpool City Centre	10.0	119,850	605.5	678.8	664.8	-14.0	-2.1%	59.3	9.8%
Casula	5.0	26,100	165.0	185.0	171.6	-13.4	-7.2%	6.6	4.0%
Carnes Hill	9.0	17,400	122.1	136.9	132.5	-4.4	-3.2%	10.3	8.5%
Moorebank	11.0	6,750	46.0	51.6	49.8	-1.8	-3.5%	3.8	8.2%
Green Valley	12.0	10,700	73.0	81.8	79.3	-2.5	-3.1%	6.3	8.6%
Miller	10.0	10,850	54.6	61.2	59.0	-2.2	-3.7%	4.4	8.0%
Wattle Grove	12.0	3,150	21.0	23.5	22.8	-0.8	-3.3%	1.8	8.4%
Orange Grove	12.0	36,500	115.0	128.9	128.8	-0.1	-0.1%	13.8	12.0%
Warwick Farm	13.0	20,000	70.0	78.5	78.4	-0.1	-0.1%	8.4	12.0%
Fairfield	21.0	78,800	361.7	386.9	383.3	-3.6	-0.9%	21.6	6.0%
Bonnyrigg TC	16.0	32,450	132.0	141.2	139.3	-1.9	-1.4%	7.3	5.5%
Cabramatta	14.0	41,500	204.0	218.2	215.4	-2.8	-1.3%	11.4	5.6%
Prairiewood*	20.0	36,250	264.1	282.5	279.9	-2.6	-0.9%	15.8	6.0%
Canley Heights	15.0	10,550	62.8	67.2	66.3	-0.9	-1.3%	3.5	5.6%
Brands on Sale	13.0	13,000	61.0	65.5	65.2	-0.3	-0.5%	4.2	6.8%
Campbelltown	16.0	75,350	352.0	375.1	369.7	-5.4	-1.4%	17.7	5.0%
Macarthur Square	17.0	75,200	537.3	572.5	565.8	-6.7	-1.2%	28.5	5.3%
Blaxland Road BG	14.0	51,950	182.0	193.9	193.8	-0.1	-0.1%	11.8	6.5%
Ingleburn	12.0	22,250	110.5	117.8	115.2	-2.6	-2.2%	4.7	4.2%
Minto Mall	16.0	26,650	68.0	73.0	71.9	-1.1	-1.5%	3.9	5.8%
Glenquarie	10.0	15,500	86.7	92.4	88.7	-3.7	-4.0%	2.0	2.3%
Other Localities	-	-	-	-	-	-8.7	-	-	-
TOTAL	**-**	**788,400**	**3,896.4**	**4,239.2**	**4,247.9**	**0.0**	**0.2%**	**351.5**	**9.0%**

1 Drivetime in minutes derived from Googlemaps.

2 Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys.

3 Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.

4 Allows for population growth (variable for each centre) and real growth in retail spend per capita of 1.2% per annum in line with historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes).

5 The turnover of localities following the proposed development. The forecast turnover of the proposed development is distributed between localities based on distance and size.

6 Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. Column 4 minus Column 5).

7 Immediate percentage shift is shift in turnover divided by the turnover in 2010 without the development proceeding.

8 This is the shift in turnover from 2012 to 2016 after the opening of the new development.

9 This is shift in turnover from 2012 to 2016 divided by the based turnover in 2012.

* Stockland Wetherill Park.

- The retail trading impacts would be spread thinly across a range of retail centres and localities. The greatest impacts in 2016 will be directed towards those centres which are closest to it, including Casula ($13.4m equal to 7.2% decline in turnover), Liverpool City Centre ($14.0m equal to 2.1% reduction) and Glenquarie ($3.7m or 4.0% reduction in turnover.)
- Only Casula would experience an adverse impact considered to be "low to moderate" (i.e. greater than 5% reduction in trade), with impacts on all other centres being "insignificant" (less than 5%).

- The largest impact associated with Costco will be felt by centres within the Liverpool LGA. Costco has no significant implications for the future of centres such as the Liverpool City Centre. This is also true for more distant centres such as those in the Fairfield LGA, where the impacts from Costco will be lower than those experienced in Liverpool LGA

Cumulative impact modelling

The combined impact is assessed by HillPDA in the same manner. Results are shown in the table below.

Table 5 - Cumulative Impact of Amendments 19, 22 and 26 to Liverpool LEP ($m in $2010)

Retail Centre	2 Approx. Retail Floor Space (sqm)	3 Turnover in 2012 ($m)	4 Turnover in 2016 without Proposals ($m)	5 Turnover in 2016 with Proposals ($m)	6 Immediate Shift in Turnover ($m)	7 % Shift in Turnover in 2016	8 Shift in turnover 2012 to 2016 ($m)	9 % Shift in turnover 2012 to 2016
Orange Grove	54,500	115.0	128.9	234.1	105.2	81.6%	119.1	103.6%
Crossroads	68,270	202.0	226.5	305.9	79.4	35.1%	103.9	51.4%
Liverpool City Centre	119,850	605.5	678.8	625.7	-53.2	-7.8%	20.2	3.3%
Casula	26,100	165.0	185.0	168.5	-16.5	-8.9%	3.5	2.1%
Carnes Hill	17,400	122.1	136.9	130.2	-6.7	-4.9%	8.1	6.6%
Moorebank	6,750	46.0	51.6	49.2	-2.4	-4.7%	3.2	6.9%
Green Valley	10,700	73.0	81.8	78.5	-3.3	-4.1%	5.5	7.5%
Miller	10,850	54.6	61.2	58.2	-3.0	-5.0%	3.6	6.5%
Wattle Grove	3,150	21.0	23.5	22.6	-1.0	-4.1%	1.6	7.5%
Warwick Farm	20,000	70.0	78.5	78.4	-0.1	-0.1%	8.4	12.0%
Fairfield	78,800	361.7	386.9	376.0	-10.9	-2.8%	14.3	4.0%
Bonnyrigg TC	32,450	132.0	141.2	136.1	-5.1	-3.6%	4.1	3.1%
Cabramatta	41,500	204.0	218.2	211.3	-6.9	-3.2%	7.3	3.6%
Prairiewood*	36,250	264.1	282.5	273.8	-8.7	-3.1%	9.7	3.7%
Canley Heights	10,550	62.8	67.2	65.2	-2.0	-2.9%	2.4	3.8%
Brands on Sale	13,000	61.0	65.5	61.4	-4.1	-6.3%	0.4	0.6%
Campbelltown	75,350	352.0	375.1	365.2	-9.9	-2.6%	13.2	3.8%
Macarthur Square	75,200	537.3	572.5	557.3	-15.3	-2.7%	20.0	3.7%
Blaxland Road BG	51,950	182.0	193.9	193.8	-0.1	-0.1%	11.8	6.5%
Ingleburn	22,250	110.5	117.8	114.5	-3.3	-2.8%	3.9	3.6%
Minto Mall	26,650	68.0	73.0	71.4	-1.6	-2.2%	3.4	5.0%
Glenquarie	15,500	86.7	92.4	88.0	-4.4	-4.7%	1.3	1.5%
Other Localities	-	-	-	-	-26.4	-	-	-
TOTAL	**788,400**	**3,896.4**	**4,239.20**	**4,265.40**	**0.0**	**0.6%**	**351.5**	**9.0%**

2 Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys.

3 Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.

4 Allows for population growth (variable for each centre) and real growth in retail spend per capita of 1.2% per annum in line with historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes).

5 The turnover of localities following the proposed development. The forecast turnover of the proposed development is distributed between localities based on distance and size.

6 Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. Column 4 minus Column 5).

7 Immediate percentage shift is shift in turnover divided by the turnover in 2010 without the development proceeding.

8 This is the shift in turnover from 2012 to 2016 after the opening of the new development.

9 This is shift in turnover from 2012 to 2016 divided by the based turnover in 2012.

* Stockland Wetherill Park.

- The culmination of the gazetted and proposed amendments in Orange Grove and Crossroads would equate to a total additional expenditure capture of some $185m in these locations in 2016. This will be redirected from a wide number of existing centres.
- The greatest shift in turnover in absolute monetary terms will be Liverpool City Centre which will experience a decline in trade of $53m in 2016. This is followed by Casula ($16.5m), Macarthur Square ($15.3m) and Fairfield ($10.9m). $26.4m of the turnover of the proposed retail facilities would be redirected from locations not listed in the gravity model such as Costco Auburn, DFO Homebush, Sydney CBD etc.
- In terms of proportional impact on trade at 2016, the greatest impacts will fall upon Liverpool (7.8% loss in trade), Casula (8.9% loss) and Brands on Sale, Campbelltown (6.3% loss). These impacts are considered to be "low to moderate" and within the normal competitive range. All other centres will experience a trading impact in 2016 of less than 5% (i.e. "insignificant").

- All existing centres in the locality will experience some growth in their trading level from 2012 to 2016. This is attributable to expenditure growth resulting from population and real growth in retail spend per capita. Average growth on all centres from 2012 to 2016 will be 9%.
- The impacts on other centres are acceptable
- The cumulative impact gravity modelling undertaken above indicates that the proposed amendments to the Liverpool LEP 2008 relating to Orange Grove and Crossroads, and the developments which these would allow, are acceptable in economic impact terms
- It is not clear which of the pipeline proposals within Fairfield LGA will proceed, however the economic impacts of these proposals if they were to eventuate, would not adversely impact upon centres in Fairfield LGA to a great extent in the context of growth between 2009/10 and 2014/15

Orange Grove planning controls

Hill PDA make a series of points relating to planning controls at Orange Grove:

- Hill PDA note that if Amendment 22 (5 Viscount Place) is deemed appropriate by Council it would be necessary for future development on the weekend markets site to be tightly controlled. Development of retail uses other than those modelled in this Study, for example supermarket-related floorspace, would have significantly greater adverse impacts upon existing centres in the surrounding area than those calculated in the impact assessment.
- As such in granting permission for brand outlet premises at Orange Grove, Council must ensure that permissible uses are restricted
- Council proposes to restrict the size of individual tenancies to 1,200sqm each. We should note that even with this restriction, there is nothing to prevent a single retailer occupying a number of tenancies and thereby creating, in effect, a larger retail unit. In economic impact terms the provision of one retailer of, say 4,800sqm would be the same as that of four individual retailers of 1,200sqm
- If a supermarket or a DDS store were provided at Orange Grove, for example, such uses would have the potential to redirect trade away from Liverpool City Centre and other smaller centres in the surrounding area. Such impacts could be significant.
- One means by which Council could seek to limit permissible retail uses on the weekend markets site would be through restricting uses to "outlet centre" retailing. Defining the term "outlet centre" for planning purposes is difficult given the similarity between retail goods sold by outlet centres and retail goods sold by other retailers. Even if an "outlet centre" is defined for planning purposes, enforcing any restriction on sales would also be difficult. HillPDA agrees with Council's view that restricting permissible uses by defining "outlet centre" uses would not be an effective means of controlling future development at the weekend markets site.
- Planning controls would be the most appropriate means by which the future use of floorspace in the brand outlet premises could be controlled. We understand that Council is examining a variety of mechanisms to restrict food and grocery sales at Orange Grove, if a brand outlet premises were permitted

In broad terms we agree we with the conclusions of the HillPDA analysis. The assumptions around escape expenditure from the primary trade area are not detailed in the HillPDA report. A conservative estimate of escape expenditure will affect the impact result. However, we accept that an outlet centre will likely capture a significant level of expenditure that currently escapes from the LGA.

In terms of trade impact for the nominated floorspace split, the result is below a reasonable threshold for significance at all centres. However, HillPDA quite rightly note that a different floorspace split (with a DDS or large supermarket for example) for have a greater impact on Liverpool CBD and neighbouring centres. In this sense the ability of the controls to limit general (non outlet) retail is critical to trading impacts.

4 SCCA SUBMISSION

The Shopping Centres Council of Australia (SCCA) submission is structured around a series of points. These are discussed below

Expert advice ignored

In making its decision to significantly expand the permitted retail uses on the site, Council ignored the strategic planning advice and recommendations of its officers, which incorporated expert advice from consultants Hill PDA on its Liverpool Retail Hierarchy Review, as well as public submissions.

Influence of bias

The decision could have been influenced by bias. One Councillor has been quoted in a local newspaper as stating: "I am against monopoly; now Westfield gets all benefits and its taking business outside of the south end of the CBD. If Orange Grove goes ahead, it will create competition and maybe Westfield will have to rethink some of its strategies". SCCA suggest that apart from the false inference that Westfield has a monopoly on retailing in Liverpool, this criticism is most inappropriate from a Councillor who supported the amended Planning Proposal

Impact of council's decision

In summary, Council's decision means:

- A new activity centre could be established, inappropriately classified as a 'stand-alone shopping centre' (citing the Department of Planning and Infrastructure's 2009 Draft Centres Policy). This is contrary to strategic planning advice and recommendations and also contrary to how new activity centres should be established under the Draft centres Policy.
- 'Retail premises' (as defined in the Standard Planning Instrument) could be permitted in an inappropriate location against strategic planning advice and recommendations, which includes specific advice that such uses will have an adverse impact on the Liverpool City Centre.
- A poor precedent would be created for Councils to ignore professional, strategic planning advice and the Government's own strategic planning objectives.
- It would reinforce a two-tiered retail planning system whereby some developments are not subjected to the same rigour and scrutiny' For example, the Planning Proposal does not involve a planning agreement (VPA) to support local infrastructure requirements unlike other Planning Proposals' Also, our review of the Liverpool Contributions Plan 2009 suggests that section 94 contributions are unlikely to apply to any future development consents for the subject site as a section 94 contribution plan does not exist for the area.

Council officers recommended to their Councillors that the retail use of the site be expanded fairly to a 'brand outlet premises', as it is considered to be an 'out-of centre' location, and more expansive retail uses would have an adverse impact on the Liverpool City Centre. Councillors, however, rejected this recommendation and have instead approved the site to be used for the purposes of the more expansive 'retail premises', which permits broader retail uses such as supermarkets and discount department stores

This is a significant concern. While the various scenarios for floorspace split tested in the Hill PDA report show a relatively small amount dedicated to supermarket and other general retail. However, a larger proportion of general retail on the site would be likely to have a greater impact on Liverpool CBD and neighbouring centres.

Westfield Liverpool recently underwent a refurbishment which added no floor space or additional demand on infrastructure but was subjected to a $350,000 levy under the City Centre LEP, Another shopping centre also recently had to provide a financial contribution to 'offset' the impacts of its development on a nearby retail strip. The Orange Grove proposal, however, has not had similar requirements imposed on it.

Expert advice ignored

The Hierarchy Review undertaken by Hill PDA, which was based on a resolution at Council's July 2011 meeting, was a key piece of analysis in view of a number of retail development proposals in the area. The fact that, in this case, it has been ignored and over-ridden should be cause for concern

"HillPDA suggests that provision of retail floorspace of this nature would likely have an adverse impact upon the Liverpool City Centre. In this regard higher level retail uses are not proposed under this LEP Amendment and should not be supported due to unacceptable economic impacts. This LLEP amendment does not propose or support these additional retailing proposals".

'Our position'

The SCCA highlight the fact that they did not object to the current development being expanded from its current 'weekend markets' use (approved in December 2008) to a 'brand outlet premises' and made no comment on Council's report and did not make representations to any Councillors, or at the 5 or 28 November Council meetings, where the issue was considered. This point is made to refute any suggestion that the SCCA is opposed to any form of retail expansion on the site.

This submission appears to hinge on this point – that it is not the existence of outlet retailing at this site that is a cause for concern; rather it is the threat of a significant level of 'general retail' premises that might include supermarket or DDS businesses.

SCCA requests intervention as they believe Council's decision raises questions about the decision making of Councillors and undermines the integrity of the significant expert strategic planning advice provided to the Councillors, as well as the Department's Gateway Determinations for the site and other retail proposals in the area

Further, they are concerned about the precedent this case could create for Council and other Councils in ignoring strategic planning advice and objectives in order to approve out-of-centre developments

5 STOCKLAND SUBMISSION

The Stockland submission is based on the following:

- Planning Proposal for 5 Viscount Place, Warwick Farm, pertaining to the Liverpool Local Environmental Plan 2008 – Draft Amendment 22
- Development application DA 920/2012 for 5 Viscount Place, Warwick Farm Submission – Change of Use.

Stockland engaged Don Fox Planning to undertake a review of these proposals.

5.1 5 Viscount Place - Submission – Change of Use

Proposed use

The Don Fox Planning report notes that the subject site is zoned B5 Business Development under Liverpool Local Environmental Plan 2008 (LLEP 2008). This zoning prohibits the proposed use of the premises as a retail factory outlet. The DA is therefore reliant upon a Planning Proposal referred to as "Liverpool Local Environmental Plan 2008 – Draft Amendment No. 22 Orange Grove Road" that proposes to include "retail premises" as an additional permissible use on the site.

As established in NSW Land and Environment Court judgement Direct Factory Outlets Homebush v Strathfield Municipal Council (2006) NS WLEC 318, the Senior Commissioner determined the following in relation to factory outlet retailing:

> "The nature of goods sold in a DFO centre is a secondary issue. Whether the goods are this year's or last year's fashion makes no difference to the fact that the main characteristics of a DFO centre are similar to those of a mainstream shopping centre."

Furthermore, the Draft Activities Centres Policy (2009) is clear on the role and definition of factory outlet retailing, stating the following:

> "Factory outlets can be broadly split into two categories: those which sell products manufactured on site and those which operate as retail outlets selling, for example, discontinued lines, previous season's stock and special purchases. Factory outlets which sell products manufactured on site are classified as 'industrial retail outlets' under the Standard LEP Template definitions and are appropriate in the zone in which the goods are produced. Other factory outlets which operate as retailers are classified as 'shops' under the Standard LEP Template definitions and should be accommodated in zones B2–B4".

As such, the proposed retail factory outlet should be subject to a similar rigorous planning assessment as would apply to a traditional retail shopping centre.

Proposed works being sought for approval

The proposed works are described on Council's website as follows: "Usage as retail centre with internal fitout to create tenancies and shopfronts, re–inemarking of existing car park and construction of a new car park area." The architectural plans however indicate that a new customer front entrance is proposed to be constructed on the northern elevation of the existing building and a new signage is to be installed above this proposed entrance. These works are also not described or considered in the SEE prepared by SJB Planning. Indeed on page 20 the SEE states in relation to signage:

> "The proposal does not propose any new or additional signage. Existing previously approved signage will be maintained".

Clearly, this discrepancy between the architectural plans and the DA description and SEE will need to be addressed and the merits of such work considered by Council.

Flood affectation to proposed car park

The proposed 361 space car park to the east of the existing building is entirely located in land identified in LLEP 2008 as Flood Prone Land with part of it located within a Flood Planning Area.

5.2 5 Viscount Place - Liverpool LEP 2008 – Draft Amendment 22

This submission addresses:

- Planning issues associated with planning proposal including Liverpool LEP 2008, Metropolitan Plan for Sydney 2036, Draft South West (and West) Sub Regional Strategy and the Draft Activity Centres Policy
- The soundness of the proponent's economic impact assessment and the cumulative impact assessment undertaken by Hill PDA on behalf of Council, having particular regard to the methodology, assumptions & conclusions of these assessments.

Our review is focused on the second of these elements – the economic impact and cumulative impact assessments.

Trade area analysis

The Don Fox Planning report notes that the Leyshon EIA does not separate this area into primary or secondary trade areas. As is suggested by the name, the bulk of trade is expected to originate from the primary trade area with reduced levels of expenditure being directed to a centre or facility from secondary trade areas (and proportionally less again from tertiary trade areas).

We would also suggest that the Leyshon trade area is too large. However, we suggest that Don Fox Planning's concern over the primary and secondary trade areas is misplaced. The separation of a trade area into primary and secondary is much less important than the accurate definition of the trade area in the first instance – including an accurate assessment of escape expenditure from that system.

Hill PDA in their cumulative impact assessment estimated that the primary trade area for the proposed outlet centre would comprise the Liverpool and Fairfield LGAs. Don Fox planning suggests that households in the Fairfield and Liverpool LGAs would be the main source of expenditure at the proposed outlet centre, as the existing outlet centre on Queen Street Campbelltown is more accessible to households in the Campbelltown and Camden LGAs. This centre comprises 11,000m2 of floorspace and is therefore comparable to the proposed centre

We agree that the extension of the trade area to include Campbelltown is unreasonable.

Don Fox Planning suggest that as a result, the impact assessments suggested in the Leyshon EIA are somewhat misleading in that they are based on a main trade area analysis rather than separating the potential impacts based on primary and secondary trade areas the impacts are significantly diluted. However, based on the majority of trade originating Fairfield and Liverpool (with a much reduced level of trade being directed to the proposed centre from households in Campbelltown, Camden and

Wollondilly); there is the potential for the impacts to be significantly greater than those suggested. These impacts will translate to redirection of sales from centres within which outlets selling apparel, fashion accessories, gifts and homewares are represented.

Estimated impacts

Don Fox Planning note significant differences between the Leyshon EIA and Hill PDA assessment with respect to the Stockland Wetherill Park centre. For instance, in Table 4.5 of the Leyshon EIA, the sales at Stockland Wetherill Park in 2011 were estimated to be $29.85 million. Hill PDA however estimated the centre sales to be $26.41 million in 2012 (based on a retail floorspace of 36,250m2). They also note the reference to the floorspace of the Stockland Wetherill Park centre on page 23 of the Hill PDA includes all uses within the centre (including the cinema, child care centre, Council library, service station and car repair centre); not the retail component

Hill PDA estimate of 78,800m2 of retail floorspace within the Fairfield town centre (Tables 2 and 5 of Cumulative Impact Assessment). By our estimation, the quantum of retail floorspace within the Fairfield town centre is only 60,000m2. This overestimation of the amount of floorspace within the centre translates to a greater turnover than that which might actually be occurring. Following from that, if the turnover of the Fairfield town centre is less than that estimated, the loss of sales will be significantly more both in dollar terms and percentage terms, than that estimated by Hill PDA. When this difference is combined with the potential redistribution of expenditure that might normally be directed to the specialty floorspace within the Stockland Wetherill Park, the estimated level of impact is likely to be significantly more than that estimated by Leyshon Consulting.

A lower estimated floorspace level at Fairfield wouldn't necessarily result in greater impact at Stockland Wetherill Park. Lower floorspace at Fairfield would give rise to a lower estimated turnover figure after the application of a suitable RTD. This is because the impact test is based on the same floorspace and turnover assumptions in both the 'with' scenario and the 'without' scenario being tested.

Floorspace limitation

Don Fox Planning are not convinced that the floorspace limitation of 1,200sqm per outlet will be effective in controlling the type of outlet that could locate within the proposed centre. Whilst such a restriction will effectively prevent retail stores such as full line supermarkets, DDSs and department stores, shops which are generically referred to as mini majors could locate within this facility. Such stores include Best and Less, Dan Murphys, Rebel Sport, JB Hi Fi, are considered to be 'mini majors' and have designs which correspond with a 1,200sqm space.

We note the assertion of Don Fox Planning that a limitation of 1,200sqm per outlet may not effectively control retail types at the subject site. In addition, there is a risk that several similar retailers under the 1,200sqm cap could locate at the subject site, which would negate the effectiveness of the cap. These issues need to be carefully considered by DP&I in its final assessment of the floorspace cap.

Size of proposed outlet centre

Don Fox Planning suggest that there appears to be some confusion as to exactly what floorspace the outlet centre is proposed to occupy. The Planning Proposal report suggests that the EIA is based on a centre comprising 25,000m2 however a review of the Leyshon Consulting EIA indicates that it considered a proposal for centre comprising 10,670m2 (Table 4.3 of Leyshon Consulting EIA April 2012). The Hill PDA cumulative impact assessment is based on a development of 15,300m2. The Planning Proposal report indicates that the gross floor area of the retail premises of the centre should be limited to 19,000m2. It is considered that the floorspace of the proposed development needs to be clarified before any decisions with respect to the proposal are made

We agree that ideally the floorspace areas and the use split would be known before conducting an economic impact case. However, in this case it is not possible and so a number of different scenarios have been tested by Leyshon and HillPDA.

The impacts of providing for a centre much larger than that which has been assessed could be significant, particularly in terms of the capacity of affected centres to continue to trade effectively. In any event it would appear that a robust assessment of a centre comprising 19,000sqm of floorspace has not been considered

Various configurations were tested by HillPDA each with a total floorspace of 19,000sqm. We do however agree that the impacts will be very different with different assumed mixtures of floorspace types.

Cumulative impacts

The Hill PDA cumulative impact assessment considered the combined impacts of the proposed outlet centre and the development of land rezoned to B6 on Orange Grove Road as part of Amendment No. 19. Whilst the estimated turnover of the outlet centre (in terms of $/m2) is considered reasonable, the estimated turnovers of the ALDI store and Dan Murphys liquor outlet to be developed on the B6 zoned land are considered exceptionally low. In 2016 we would expect the ALDI store to experiencing sales in the vicinity of at least $9,500/m2 (not $8,194/m2 as suggested in the Hill PDA report). Furthermore, liquor outlets traditionally have a much greater turnover than most retail outlets. Notwithstanding that the 'warehouse' nature of a Dan Murphys outlet may reduce sales to a degree; we would still expect that facility to experience sales of around $13,000/m2 in 2016.

We agree that the assumed RTD for the Dan Murphys store appears to be on the low side. The ALDI RTD appears to be a little conservative, but reasonable. This will result in a greater impact being felt on other centres within the trade area. However, this would unlikely result in turnover reduction at significant levels but retail simulation (gravity) modeling would have to be run to verify this.

Sequential test

Attachment 3 to the Planning Proposal report for draft Amendment No. 22 – Orange Grove Road, July 2012, is a sequential test which considered various alternative locations for the proposed outlet centre. Locations investigated included Bankstown, Cabramatta, Carnes Hill, Cross Roads, Leppington and Liverpool City Centre. Curiously Cabramatta was the only site within the Fairfield LGA which was considered, notwithstanding that the Fairfield LGA constitutes part of the primary trade area for the proposed development.

Commentary on impact assessment

We find the statement on page 12 of the Planning Proposal report that "the impacts on all other centres do not exceed 5% loss in turnover...and are therefore not considered significant", somewhat dismissive. Furthermore, based on the above confusion in terms of the floorspace of the proposed centre, such a statement may in fact be incorrect and the impact may well exceed 5% in which case it could be significant.

A 5% reduction in turnover would generally be considered insignificant in retail impact terms.

Conclusion

Don Fox Planning conclude that

- the economic impact assessment submitted with the planning proposal, together with the cumulative impact assessment do not provide sufficient reassurance with respect to the potential impacts the proposed development may have on other centres within the catchment area of the proposed outlet centre.

- Whilst it appears that there is some consensus as to the potential trade area of the proposed centre (that being that it is not as extensive as that assessed in the Leyshon Consulting EIA) there is significant confusion as to the size of the proposed centre which may vary the conclusions reached in relation to the potential impacts of the outlet centre.
- Council can not confidently rely on the information provided as part of this Planning Proposal, particularly with respect to the potential impacts this development may have on other centres, including Stockland Wetherill Park.
- A further impact assessment of an outlet centre comprising 19,000m2 of floorspace should be undertaken and that the findings of that assessment be made available for consideration by interested stakeholders.

6 FAIRFIELD SUBMISSION

Fairfield City Council has made two submissions – one dated 29th February 2012 and the other dated 11th April 2012 (with accompanying consultant's report).

6.1 Submission 29th February 2012

Council considered Liverpool LEP Draft amendment 22 at its meeting on 28 February 2012 following correspondence received from Liverpool City Council. It is advised that Council resolved the following:

- Strongly object to the proposal on the basis that the general retail environment is not experiencing growth and in some centres is in decline. Therefore the reliance on models that use historical retail spend per capita data to forecast future growth is problematic and may not be an accurate reflection of the proposals current impact.
- Strongly object to the proposal as Council does not consider declines in retail turnover in Fairfield City Centres of between 2% and 4.8% by 2015 to be insignificant in the current environment.
- Strongly object to the proposal as the cumulative impact of Liverpool Amendments 19 and 22, together with the existing Mega Centre, at maximum potential floor space, and utilising the change of use potential of SEPP (Exempt and Complying Development Codes) 2008 have not been modelled.
- Object to the proposal due to the degree of uncertainty relating to the proposal and the variability of its likely impact depending on which scenario is modelled.
- Object to the Planning Proposal as it is in conflict with actions A2.1, B1.2, and E2.1 contained within Metropolitan Plan for Sydney 2036, and is therefore inconsistent with the Ministers Section 117 Directive 7.1 which required Planning Proposals to implement the Metropolitan Plan.
- Object to the Planning Proposal as it is in conflict with the draft South West Subregional Strategy (2007) as demand and supply assessments for new commercial centres have not been undertaken and the strategy nominates the site for bulky goods retailing.
- Object to the proposal as it is contrary to the Liverpool City Centres Hierarchy Review (2006) which designated the site for bulky goods retailing.
- Advise Liverpool City Council that there are inconsistencies within the Planning Proposal and documentation supplied concerning the manner in which the proposed floor space limit is described and request that gross floor space be used as the descriptor for floor space.
- Request Liverpool City Council to consider the impact of State Environmental Planning Policy (Exempt and Complying Development Codes) 2008 – General Commercial and Industrial Development Code, on the ability to control single tenancies to the proposed 1200 square metre and the resultant impacts on retail expenditure modelling if this limit cannot be enforced.
- Raise concern with Liverpool City Council their ability to limit the use of the site to Direct Factory Outlet units within the limitations set by the Standard LEP template, given the definition of Retail Premises allows a range of other retail uses that do not fit the DFO format.
- Council obtain expert retail impact planning advice that considers the economic impact of Liverpool Planning Amendments 19 and 22 as well as the additional impact of the COSCO and the Liverpool Council Administration Centre site proposals.

We agree with the assertion that reliance on historical retail data for retail expenditure projections is optimistic given the changing nature of retail.

'Significance' as discussed in the HillPDA impact tests refers to whether a reduction in turnover would likely jeopradise the viability of the affected centre. Although there is no universally accepted 'significant' level, generally a turnover reduction of between 2 and 4.8% would not be considered significant.

We agree with Fairfield Council's concern that it may be difficult to enforce limits on the use of the site for factory outlets.

6.2 Submission 11th April 2012

Fairfield City Council, at its Ordinary Council meeting of 13 March 2012, considered a report that dealt with the independent review of economic impacts of Liverpool Planning Proposals and resolved as follows

- Maintain its previous objections to Liverpool proposed Planning Amendment No. 22 (Factory Outlet Centre).
- Provide a copy of the Norling Report to the Department of Planning and Infrastructure and Liverpool City Council for their consideration.
- Make a submission to the Department of Planning and Infrastructure and Liverpool City Council, requesting that they undertake cumulative economic impact modelling relating to proposed Liverpool Planning
- Amendments No. 's 19, 22, 23, 26, and any additional rezoning proposals that seek to increase commercial or retail facilities within a zone of influence that extends into Fairfield City, prior to determining a final position in respect to such amendments.
- Request the Department of Planning and Infrastructure and Liverpool City
- Council to incorporate approved and unbuilt retail and commercial facilities within Fairfield City within the cumulative retail impact model and provide Council with the modelling results.
- Provide an assurance to the Department of Planning and Infrastructure and Liverpool City Council, that if cumulative retail impact modelling is undertaken as requested, and Council is granted access to this model, then future commercial and or retail rezoning proposals with economic impacts extending into Liverpool and located within l–airfield City will be assessed using such model.

6.3 Norling Consulting report

At the request of Fairfiled Council, Norling Consulting provide a Peer Review concerning three of the proposed amendments to Liverpool's Local Environmental Plan. The peer review is structured into a list of strengths and weaknesses of each document being tested.

HillPDA report

Strengths

- The Hill PDA EIA provides a thorough assessment of the proposed developments against the relevant planning principles, in particular the six key principles contained within the Draft Activities Centres Policy.
- The Report provides a detailed exanimation of the existing and proposed retail hierarchy in Liverpool LGA and surrounding areas. The Report adopts an appropriate methodology in defining a catchment area, forecasting

- Population, estimating the retail expenditure base, assessing net escape expenditure and forecasts household expenditure by retail store type.

Weaknesses

- The analysis provided is also a worst case scenario as:
  - it fails to acknowledge that a 1.600sq.m. store (Aldi being an exception) may have similar impacts to two 800sq.m. stores.
  - the report excludes bulky goods expenditure and sales from the assessment. We are of the opinion that there can be a substantive overlap between expenditures and sales of retail and bulky goods outlets. The result of this exclusion substantially, in our opinion overstates the impact on traditional centres from the addition of 1.600sq.m. stores in the B6 zone.
  - it measures a substantial increase of facilities against an assumed situation of no additional supply to the network. In reality it is likely that retail facilities would still choose to locate in the B6 zone even without the lifting of the floorspace threshold.
  - it assumes the stores would not open in existing retail centres; and it assumes there would be an influx of 12 or 24 stores (dependent upon scenario) all within the same year.

We do not think there will be significant overlap between bulky goods expenditure and retail outlet expenditure. Part of the HillPDA test is a 'with development' versus 'without development' test in the first year of expected operation – this is a legitimate way of conducting impact tests.

- As the Report bases the retail expenditure potential on MarketInfo it is expected that the expenditure levels are overstated by around 10 to 15%. This would to a certain extent inflate the expenditure pool (which may compensate for the underestimation as a result of not including bulky goods expenditure). However it may also distort the impacts on retail centres.

Marketinfo is based on a statistical adjustment of the ABS household expenditure survey and has become the industry standard for the production of small area household expenditure data. We feel it is a legitimate data source.

- The adoption of 1.3% real growth is considered to be an over– estimation and is not reflective of the current and recent performance of retail stores nor the current level of consumer confidence in Australia. We believe real growth of 0.5% to be a more realistic estimate. The adoption of forecasts based upon high real growth figures would to a certain extent mask the likely impacts of new developments and the time taken to ameliorate the impacts; however the quantum is not of sufficient magnitude to significantly affect the results of the assessment.
- The market share analysis does not take into account the cumulative impact of all potential retail developments

We agree that HillPDA retail expenditure forecasts are likely to be on the optimistic side.

Leyshon study

Strengths

- In relation to the assessment of 10.000sq.m. of outlet retailing, the Report also contains the following:–
- detailed information in relation to outlet retailing in the USA and Australia;
- estimates of the distribution of floorspace for the proposed outlets centre and then an estimate of total sales through the application of different productivity levels;
- an assessment of likely market shares and resulting turnover from Liverpool and adjacent LGA's; and

- A comparison of these turnovers against total LGA's retail expenditure potential to obtain market shares likely to be captured by the proposed outlet centre.

Weaknesses

- The Report does not address the Planning guidelines within which the economics of proposed developments are assessed. The Leyshon Report does not provide a detailed analysis of the relevant planning instruments nor their relevance to the proposed development.
- Leyshon Consulting does not assess the site against the Site Suitability Criteria as outlined in the Draft Activity Centres Policy, May 2010, nor does the Report undertake the sequential test to determine is the proposal could be accommodate on appropriately zoned land elsewhere within the region or within edge– of– centre or other potential development sites.
- It is our understanding that the size of stores within the B6 zoning restricts any individual retail premises to a maximum of 1.000sq.m. gross floor area'. However part of the Leyshon Consulting analysis is based upon a 10.000sq.m. traditional retail centre anchored by a supermarket.
- Supermarkets are typically 3,000 to 4.000sq.m. in size, exceeding the 1.000sq.m. limit. Thus it seems unlikely that such a development would eventuate and consequently it is curious that the Leyshon Consulting EIA has assessed such a development.
- The Report does not make any attempt to assess the likely potential impacts of the 10.000sq.m. outlet centre on individual centres. Whilst we concur with the Leyshon Report that the impacts will be small and widely spread, it may be that decision makers such as Council Officers need a quantitative figure on which to base decisions.

We agree that the Leyshon report does not make any attempt to assess impacts below the LGA level and suggest that the lack of an impact assessment on individual centres is most significant failing of the Leyshon report

- The Report does not make any attempt to assess the likely impact of bulky goods outlets on the existing and proposed retail network within which it would operate. The impact of the bulky goods facilities could be measured and is dependent upon competition, potential duplication or the possibility of increased attraction to Warwick Farm as a destination for these facilities. The EIA does not address these points.
- It is our understanding that should Amendment 22 be granted, it would be possible for a development of a 19.000sq.m. centre providing traditional retail facilities – that is there is no mechanism to ensure that an outlet centre is developed. The Report does not address this issue nor does it provide a detailed assessment of the likely turnover and impacts such a centre would have upon the existing retail network including the Fairfield centres. The impacts of such a development would be more significant than the scenario assessed by the Leyshon Consulting Report. It is however noted that such a large centre without major anchors such as department stores, discount department stores and supermarkets would be unique to Australia and may present some trading difficulties which would reduce the potential impacts of the development.

We agree that the extent of traditional retail activities at the subject site will have a significant bearing on the impacts felt by existing centres.

- The Leyshon Consulting EIA does not provide an assessment of the impacts (perhaps positive) resulting from the closure of the weekend markets.
- The Leyshon Consulting Report does not contain an assessment of the cumulative impacts of all planned and proposed retail additions within the network.

HillPDA Peer review

Strengths

- The Peer Review provides a comprehensive and detailed assessment of the development against the relevant planning principles in particular the six key principles contained within the Draft Activities Centres Policy, the Draft Competition SEPP, the Draft South West Subregional Strategy, the Liverpool City Centres Hierarchy Review and the Liverpool Local Environment Plan.
- The Peer Review noted that the Leyshon Consulting Report did not undertake the sequential test nor consider the site suitability criteria.
- The Review (correctly in our opinion) points out that the Leyshon defined catchment area is too large and should (perhaps) only include the MacArthur Region as a Secondary Trade area due to the fact that there is a 11.000sq.m. outlet centre in Queens Street, Campbelltown.
- The Review correctly highlights the difference between Leyshon Consulting retail expenditure levels and those derived by Hill PDA based on Marketinfo. In this matter, we are supportive of the Leyshon estimates rather than those based on Marketinfo.
- The Hill PDA Review properly identifies the fact that the Leyshon EIA does not quantify the impacts of the proposed development on individual centres.
- The Review provides an assessment of the likely turnover and impacts of the outlet centre be appropriately defining a catchment, estimating retail expenditure on types of goods sold in an outlet centre, and undertaking three different scenarios comprising different sizes and mixes of facilities.
- The Hill PDA estimates turnover for the three different scenarios by adopting appropriate productivity levels for the different commodity groups.
- The results of the impacts upon the Fairfield centres appear at first instance to be reasonable and logical and are based upon an appropriate methodology, the adoption of a gravity model. Norting Consulting would need to undertake a detailed market share assessment in order to reliably and accurately quantify the magnitude of impacts and this is beyond the scope of this stage of our research assignment.

We concur with the strengths of the HillPDA analysis identified by Norling Consulting.

Weaknesses

- As the Report bases the retail expenditure potential on Marketlnfo, it is expected that the expenditure levels are overstated by around 10 to 15%. As in the case of the Essential Economics analysis, we believe that the overestimation of retail expenditure may to some extent mask the impact of the new developments onto the retail network.

Marketinfo is based on a statistical adjustment of the ABS household expenditure survey and has become the industry standard for the production of small area household expenditure data. We feel it is a legitimate data source. We would seek clarification on the assertion by Norling Consulting that Marketinfo estimates are overstated by 10-15%

- The adoption of 1.3% real growth is considered to be an over– estimation and is not reflective of the current and recent past performance of retail stores nor the current level of consumer confidence in Australia. The adoption of forecasts based upon high real growth figures would to a certain extent mask the likely impacts of new developments; however the quantum is not of sufficient magnitude significantly affect the results of the assessment.
- The market share and impact analysis does not, and should include Bonnyrigg Town Centre.

We agree that all retail centres within the identified trade area should be included in the impact analysis.

- The market share analysis does not take into account the cumulative impact of all potential retail developments upon the existing and planned retail network. That is the impacts of only the three scenarios are assessed and developments such as the other

As far as possible and reasonable, all known retail floorspace should be included in the system being modelled. This should include approved developments in the pipeline.

Essential economics

Strengths

- The Planning Context provides a comprehensive and detailed analysis of the relevant planning instruments and their relevance to the proposed development.
- Essential Economics present a thorough assessment of the subject site against Site Suitability Criteria as outlined in the Draft Activity Centres Policy, May 2010. The outcome of this assessment is the finding that the site has many positive attributes which accord with the Centres Policy such as strategy consistent, access considerations, proximity to labour markets and public benefit considerations.
- In conjunction with CBRE, Essential Economics undertook a thorough examination of availability of potential Costco suitable sites within Centres. The results of the detailed analysis were that there were no suitable sites within the existing activity centres, edge–of–centre or out–of–centre locations.
- Whilst there is some subjectivity and potential bias in this assessment, the analysis of sites against suitability criteria appears logical and practical.
- The Economic Impact Assessment report adopted an appropriate methodology; it defined a catchment area, projected population growth, projected retail expenditure estimates, estimated allocation of Costco sales to households and small businesses, identified the existing competition centres and estimated impacts upon the competitive network.
- Whilst we have some concerns regarding the market share and impact assessment (see below), the Essential Economics assessment of Costco impacts on individual major centres in 2013 appears logical and consistent. It is noted that the impacts upon Fairfield centres are low, –0.7% for Stockland Wetherill Park

Weaknesses

- The Report does not provide details concerning the composition and mix of the proposed centres at Oran Park Town Centre, Turner Road Town Centre and Turner Road Bulky Goods.
- The average per capita retail expenditure potential is m our opinion overstated by around 10 to 15%. This is a methodological problem with some Consultants basing their estimates on MarketInfo and others making their own estimates. Both sets of estimates are based on the ABS Household Expenditure Survey, the difference lies in the assumptions made in deriving the estimates. MarketInfo estimates are usually higher than estimates undertaken by Consultants such as ourselves and Leyshon Consulting. In this instance we believe that the overestimation of retail expenditure has to some extent masked the impact of the new developments onto the retail network. Nevertheless it does not alter the conclusion of the report that the impacts of Costco would be thinly spread across a large number of centres.
- We believe that the forecast growth figures for non–food expenditure are high given recent past average Australian growth rates and current low levels of consumer confidence. Whilst we support higher than average growth in non–food expenditure in the catchment through the injection of the new households spending more on start–up/establishment household purchases, we still believe the forecasts are somewhat high. However, these differences are not of sufficient magnitude to impact upon the overall results or conclusions drawn by the report.

- The market share and impact analysis raises some concerns. There are numerous mathematical errors contained within Tables 4.3 and 4.4 which, while not appearing to affect the
- The analysis does not contain an assessment of the cumulative impact of all planned and propose additions to the retail network, including those likely to affect Fairfield centres.

The essential economics report was not part of the bundle of documents for SGS review.

7 WESTFIELD SUBMISSION

Westfield objects to the Development Application currently being considered by the Liverpool City Council to allow a Retail Outlet Centre of 10,668sqm (under the 19,000sqm allowable in the proposed LEP amendment 22) on land at Orange Grove and requests Council resolve not to approve the Application. The Westfield submission is guided by two consultants' reports

- Ingham consulting (planning matters)
- Urbis (economic impact matters)

The SGS assessment will focus on the economic impact matters.

7.1 Urbis report

Review of Leyshon report

Urbis identify the following issues with the Leyshon report

- The trade area defined for the proposed Orange Grove outlet centre, and therefore the resulting size of the relevant retail market, is too extensive and not necessarily specifically relevant for the subject site and proposed uses. The Leyshon trade area was defined on the basis of LGA boundaries and does not take into account the influence of retail competition, the pattern of urban development, ease of access, and geographic barriers/hindrances; all of which have a significant bearing on the extent of a retail centre's catchment and resulting analysis of need, demand and impacts. A more extensive trade area has the potential to overstate the size of the retail market and understate the magnitude of impacts.
- The need and demand for an outlet centre on the subject site was not considered. This issue is critical since the majority of the outlet centres in Sydney have been unsuccessful and not commercially viable. The report has not considered the implications of an alternative retail use on the 5 Viscount Place site.
- The analysis in the Leyshon report does not consider the current and likely future performance of the Liverpool CBD and therefore the capacity of retail tenants in the Liverpool CBD to absorb impacts. In particular, with about 31% of occupied retail floorspace in the Liverpool CBD accounted for by apparel retailers, the impact of the Orange Grove outlet centre on the Liverpool CBD (and its range of apparel shops) can be expected to be particularly high.
- The assessment does not address the cumulative impacts of the proposed Orange Grove Outlet Centre and other developments in the region on the Liverpool CBD. The outlet centre development will not occur in isolation and the potential impacts of other retail developments, particularly those in existing or planned activity centres, need to be considered in the impact assessment.
- The assessment does not consider the potential impact of the development on diverting trade and visitation from the Liverpool CBD, its role in the retail hierarchy and capacity to achieve the strategic objectives set out for the Liverpool CBD as a regional city for south-western Sydney.

Retail market analysis

- **Trade area definition**. Urbis has defined a trade area based on the usual factors that influence the boundaries of a trade area and the known geographic draw of the Westfield Liverpool regional centre. This trade area is used as it serves as the market from which the Westfield Liverpool centre, but also the Liverpool CBD, would draw the vast majority of its trade from. The trade area is defined to comprise one primary, three secondary, and three tertiary trade area sectors

- **Population forecasts**. Population projections are based on NSW DP&I forecasts plus DP&I dwelling forecasts, ABS ERP and approvals data plus research into major developments in the trade area.

Expenditure forecasts

Urbis expenditure forecasts are based on the following:

- Household expenditure is based on MarketInfo 2010.
- Real growth in per capita spending levels, driven by income growth and overall wealth effects (assumed to be approximately 1.0% per annum over the next ten years).
- Growth in the trade area population - previously identified - averaging approximately 1.6% p.a. between 2011 and 2021.
- Retail Price Inflation (RPI), which is the component of the Consumer Price Index (CPI) that related to retail goods and services (excluded in this instance through use of constant $2011).

We broadly agree with the input assumptions for the generation of retail expenditure forecasts.

Per Capita Retail Expenditure, 2011 ($2011, Excluding GST)

LIVERPOOL CBD TRADE AREA

TABLE 2.2

Product Group	Aust.	Sydney	Trade Area	Var'n From Benchmarks (%) Aust.	Var'n From Benchmarks (%) Sydney
Food Retail	5,234	5,081	4,628	-12%	-9%
Food Catering	1,328	1,653	1,166	-12%	-29%
Apparel	1,110	1,127	865	-22%	-23%
Homewares	862	853	667	-23%	-22%
Bulky	1,112	1,015	828	-26%	-18%
General/Leisure	1,435	1,491	1,188	-17%	-20%
Services	432	506	347	-20%	-31%
Total Retail Spending	11,512	11,727	9,689	-16%	-17%
Food	6,562	6,734	5,793	-12%	-14%
Non-Food	4,950	4,992	3,895	-21%	-22%

Retail Spending Growth ($2011, Excluding GST)

LIVERPOOL CBD TRADE AREA

TABLE 2.3

Year	Food Ret.	Catering	Apparel	H'wares	Bulky	General Leisure	Services	Total
2011	1,332	339	249	194	245	343	100	2,802
2015	1,413	364	267	219	269	379	113	3,023
2021	1,582	418	318	298	328	461	132	3,537
Average Annual Growth								
2011-15	1.5%	1.7%	1.8%	3.1%	2.4%	2.6%	2.9%	1.9%
2015-21	1.9%	2.4%	2.9%	5.3%	3.4%	3.3%	2.7%	2.7%
2011-21	1.7%	2.1%	2.5%	4.4%	3.0%	3.0%	2.8%	2.4%

Retail supply

Retail supply is summarised in the table below. In addition to existing floorspace, the Urbis analysis includes the following proposals:

- Woolworths Fairfield Heights (under construction): includes a Woolworths supermarket and several specialty stores. Most are likely to be completed by the end of 2012.
- Masters Warwick Farm (proposed): Proposed development of the Masters home improvement centre of approximately 13,600 sqm GLA.
- Stockland Wetherill Park (approved): comprises the addition of nearly 12,000 sqm GLA, around a third of which is likely to be retail.
- Crossroads Homemaker Precinct Costco (Gateway approval): proposed development of a Costco premises at the Crossroads Homemaker Centre. The proposed outlet is expected to have approximately 13,000 sq.m retail GLA.
- Bonnyrigg Plaza (approved): a staged redevelopment of the existing shopping centre to include around 10,400 sq.rn additional floor area, including a new supermarket, new food court and fresh food hall and additional specialty stores.
- Orange Grove Outlet Centre (LLEP Amendment 22 on public exhibition): proposes the development of up to 19,000 sq.m of retail premises on the 5 Viscount Place site including a limit of 1,200 sq.m per tenancy. Amendment 19 to the LLEP also proposes retail premises and individual tenancies up to 1,600 sq.m on B6 zoned land at Orange Grove, Warwick Farm.

We broadly agree with the supply pipeline described by Urbis, however the inclusion of proposed but not yet approved stores is probably going too far. We would suggest only including proposed and approved development.

Retail Supply

KEY CENTRES IN SOUTH-WESTERN SYDNEY | TABLE 24

Centre	Retail GLA (Sq.m)	0 б1.[2] From Liverpool ceo (km.)	Major Tenants Food	Non Food	
Liverpool CBO					
Westfield Liverpool	71.500		Coles, Woolworths	Myer, Target. Big W, Toys R Us	
Other ceo	45.200		Franklins	Mitre 10	
Total Liverpool ceo	116.700				
Sub-Regional Centres					
Casula Mall	19 300	4 5	Coles Franklins	Kmart	
Bonnyrigg Plaza	20,700	6 0	Woolworths, Franklins	Big W	
Fairfield Forum	17.800	8 5	Coles	Kmart	
Neela City	24,400	8.5	Woolworths	Big W	
Carnes Hill Marketplace	17 000	9 5	Woolworths	Big W	
Stockland Wetherill Park	41 100	10.0	Woolworths Franklins	Big W. Target	
Supermarket centres"					
Aldi - Hoxton Park Road *	16,000	2.0	Aldi		
Mooreba nk Shopping Village-	8,500	4.0	Woolworths		
Miller Centre"	9,700	5.0	Woolworths, Franklins		
Market Plaza "	5,800	5.0	Coles		
Wattle Grove Plaza	3,900	6 0	Coles		
Liverpool Plaza	6,400		Franklins		
Other					
Megacenta Liverpool"	30,000	2.0		Harvey Norman. Oomayne	
Brands on Sale Outlet Centre	14.000	22.0		Just Sport, Rivers	
Proposed Developments					Expected Timing
Woolworths Fairfield Heights	3.803	8 0	Woolworths		2012
Masters Warwick Farm	13.579	17.0		Masters	2013
Stockland Wetherill Park Redevelopment	11.955	10.5			2014
Costco Crossroads Homemaker Precinct	13,000	6 5		Costco	2014
Bonnyrigg Plaza	10.376	6 0			2015

Impact assessment

Two development scenarios are tested:

- Scenario 1 - Outlet Centre: Development of a 10,670sqm outlet centre as proposed by the applicant and assessed in the Leyshon report.
- Scenario 2 - General Retail Development of up to 19,000sqm of retail premises and this case traditional retail uses given provisions of Amendment to the LEP which permits this scale of retail development on the 5 Viscount Place site.

The method of analysis used to assess the impacts on the Liverpool CBD from proposed retail developments is based on a "competitive usage" model. This model is based on the principle that if shoppers choose to direct some of their retail expenditure to the subject development proposal then they will reduce their expenditure at other centres in direct proportion to their usage of each centre or location, as reflected by each centre's market share from the various trade area sectors.

The description of the 'competitive usage' model is unclear but it seems to operate as a retail gravity model based purely on a proportional adjustment of existing turnover – i.e. it does not take into account the accessibility or attractiveness of competing centres.

There are two key steps in the impact analysis as follows:

- Estimate the impact on the Liverpool CBD from developments other than the proposed retail development at 5 Viscount Place, Warwick Farm.
- Estimate the impact on the Liverpool CBD

Trading impacts are only assessed for Liverpool CBD. The retail impact tests should examine the impacts on all centres within the defined retail system.

Assumptions for the impact modeling are as follows:

Scenario 1 - 10,670 sq.m Outlet Centre

- An average trading level of $5,120 per sqm is applied to the outlet centre floorspace
- The outlet centre, a smaller centre with no large format anchor tenants, is therefore expected to have a turnover of approximately $55 million (excluding GST, 2011$) assuming the first full year of established trading commences in 2015.
- The majority of the outlet centre's floorspace, and therefore turnover, is derived from apparel sales.
- Approximately 15% of the outlet centre's turnover is expected to be derived from sales in homewares, and approximately 4% from the ancillary food catering component of the retail mix.

Scenario 2 - 19,000 sq.m General Retail

- Under the 'general retail' scenario, we have mad e the assumption that the centre would be redeveloped as a sub-regional type centre, and include a discount department store, supermarket and mini-major floorspace and specialty shop floorspace and is in line with the composition of single discount department store (DDS) based centres, as report in the 2011 Urbis Retail Averages report .
- Average trading levels have been assigned based on Urbis' Retail Averages for 2011
- The Liverpool CBD in total - including Westfield Liverpool - is estimated to generate a turnover of $636 million ($2011, excluding GST). This turnover volume translates to an average trading of approximately $5,600 per sq.m across the CBD
- The impacts are assessed for the year ending June 2015. Spending and turnover figures are expressed in constant $2011 excluding GST

We suggest that the scenario 2 (i.e. 19,000sqm general retail floorspace) is not very realistic. In essence, the scenario assumes that the outlet centre would turn into a single DDS based sub-regional centre, which is not likely to happen.

Turnover impact findings

Urbis assess the impact of the development of an outlet centre as proposed on the 5 Viscount Place site is assessed at -$20 million or -3%. The cumulative impact of all retail developments therefore would be in the order of -$40 million or -6%.

In terms of total retail turnover impacts on Liverpool CBD from outlet retailing development, the Urbis assessment of cumulative turnover reduction at 6% is below the generally accepted threshold for significance.

Urbis also shows the impact from development of 19,000 sq.m of retail premises on the 5 Viscount Place site. This analysis indicates that the cumulative impact would be in the order of -$53 million or -8%. This is a sizeable impact that would be expected to have adverse impacts on retailing in the Liverpool CBD.

There is already a significant amount of vacancy in the Liverpool CBD and a loss of upwards of $53 million in turnover could lead to further vacancies throughout the CBD.

In terms of total retail turnover impacts on Liverpool CBD from a general retail development, the Urbis assessment of cumulative turnover reduction at 8% is below the generally accepted threshold for significance.

Total Impact on Liverpool CBO

LIVERPOOL CBD

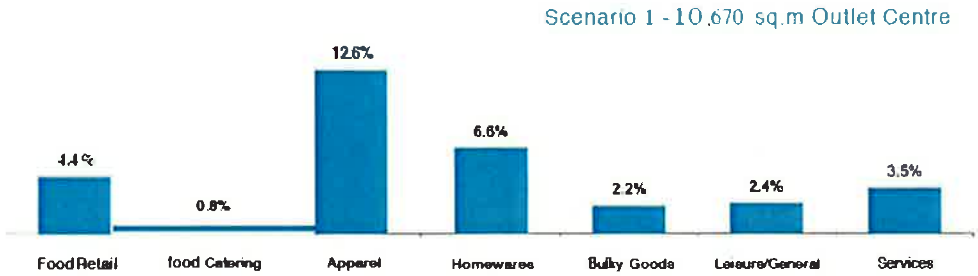
TABLE 7.8

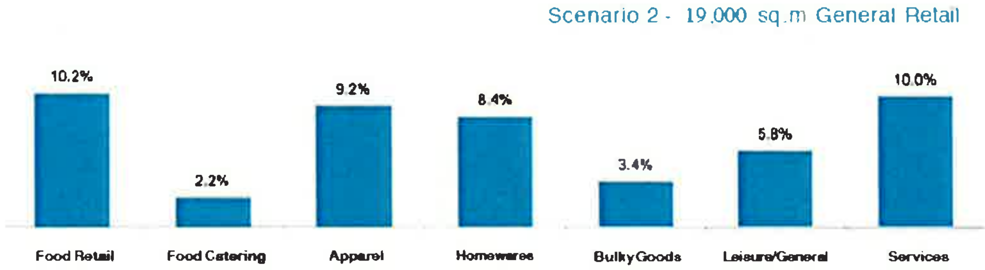
	Scenario 1 _Outlet Centre		Scenario 2 - General Retail	
	$M	%	$M	%
Turnover 2011	635.6		635.6	
Turnover 2015 - Pre Impacts	666.4		666.4	
Other Competitive Development Impacts	-19.5	-2.9%	-19.5	-2.9%
5 Viscount Place Impact	-20.6	-3.1%	-33.1	-5.0%
Total Impact	-40.1	-6.0%	-52.6	-7.9%
Turnover 2015 - Post Impacts	626.4		613.9	

Total Cumulative Trading Impacts on Liverpool CBD

2015 ($2011 EXCL GST)

CHART 21





Urbis also assess impact on specific commodity groups. In the outlet centre case, the majority of the impact is expected to fall on the CBD's largest component of retail floorspace - i.e. apparel. The outlet centre case results in a more substantial 12.7% cumulative impact on apparel retailing. Under the general retail centre scenario, the trading impact can be expected to be more evenly distributed across product groups

The Urbis quoted impacts on the apparel commodity group of 12.7% is significant *for this group*. However, the real question of impact should be focused on the viability of the centre as whole – not individual retailers or even individual commodity groups.

Significance of impacts

The level of impacts assessed on the Liverpool CBD and its component parts is significant. The impacts are of a sufficient size and significance to have an adverse impact on the CBD. The apparel retailers in the Liverpool CBD have limited capacity to be able absorb impacts of -$22 million in turnover and over -10% and an increased level of vacancy would be a likely outcome. The loss of 10.2% in food retail turnover, which includes retailers that generate the most regular visits and have the highest flow-on benefits to the balance of the Liverpool CBD, will also have a significant and adverse impact on the CBD generally.

The impact assessment implies that the cumulative impact of the proposed outlet centre or traditional retail uses and other proposed developments in the region will result in a substantial high impact on the CBD and threaten the commercial viability of existing retailers in the Liverpool CBD. The 5 Viscount Place development therefore could be the tipping point, which increases the already high vacancy in the Liverpool CBD. The implications of the significant loss of retail trade and visitation to the Liverpool CBD need to be considered in the evaluation of the merits of the allowance of retail premises on the 5 Viscount Place site.

While we accept that apparel and food retailers in Liverpool CBD may have limited capacity to be able to absorb a turnover reduction of 10% and that an increased level of vacancy would be a likely outcome, it would be useful to illustrate the 'tipping point' for retailer's viability with reference to current, benchmark and resultant RTDs. As it stands, there is insufficient evidence in the report to suggest that impacts on the CBD as a whole would be such that its role, function, or viability would be threatened

8 CONCLUSION

Leyshon report

The key findings from our review of the Leyshon report are listed below:

1. In the Leyshon Centres Review, assuming that Liverpool LGA is a closed system and there will be no escape expenditure is unrealistic. Even for a large LGA such as Liverpool, some escape expenditure is likely. For typical retail, incoming spending will not likely balance this and so assuming a closed system would be likely to inflate the available expenditure numbers thereby inflating the supportable retail floorspace numbers. According to the 2010/11 BTS Household Travel Survey, there were 56,853 shopping trips leaving the Liverpool LGA and 53,991 shopping trips entering the LGA. This indicates a net loss of 2,843 shopping trips to centres outside the LGA.
2. Notwithstanding the point above, for outlet retail we accept Leyshon's assessment that the trade area will be large and that a significant proportion of expenditure will be sourced from LGAs other than Liverpool. However, we do not accept that the trade area will extend into South West Sydney given the existence of a DFO in Campbelltown.
3. We broadly agree with the Retail Turnover Density (RTD) chosen for the subject site given the proposed retail split. The RTD for a mini major (GLA>400sqm) in a sub-regional centre is around $5,100 according to published retail benchmarks.
4. The assumed expenditure coming from adjacent LGAs and other areas is quite high (60% combined). However, a high percentage is to be expected for an outlet retail function and Leyshon does support this with some survey-based evidence from previous work with DFO in NSW and Victoria.
5. While we accept that future anticipated growth in available retail expenditure is a legitimate concern, we would suggest that this is a secondary matter and the emphasis should be on an examination of the trading impacts in the first year of operation in terms of turnover reduction and the resultant RTD.
6. This analysis is lacking a centre specific impact test. This is a significant omission. The retail impact analysis should focus on the shift in expenditure captured at all competing centres in the defined retail system. The resultant change in turnover in the first year of operation together with resultant RTD illustrates the impact.

HillPDA reports

The key findings from our review of the HillPDA reports are listed below:

1. We agree with the HillPDA assertion that outlet retail attracts shoppers from a large catchment. This aligns with our own experience and is consistent with the Leyshon report.
2. We agree with that outlet retail in isolation could be a net positive for the LGA. It follows that if a very large proportion of turnover capture is sourced from outside the LGA then the additional incoming expenditure may in fact be a net positive impact for the LGA for this component.
3. Marketinfo has become the standard source for small area household expenditure forecasts. However both the Leyshon analysis and Marketinfo are based on an adjustment of the ABS Household Expenditure Survey.
4. A DFO type of retail may perform at a similar level as a mini major in a sub-regional centre, which has a turnover of around $5,100 per sqm. We therefore think the nominated RTD of $5,500 is reasonable.

5. We agree with the defined primary trade area being limited to Liverpool and Fairfield LGAs. However, the retail expenditure forecasts may prove to be on the high side given recent changes in the retail environment

6. While we accept that the composition of retail floorspace at the subject site is not known we would emphasise its importance to the retail impact modelling. Given the fact that outlet retail draws trade from a much broader area than more traditional retail, a higher proportion of general retail will likely result in a greater level of impact on Liverpool CBD and neighbouring centres. This is demonstrated in the HillPDA impact tests and is picked up in the text of their peer review report.

7. Gravity modelling is appropriate to determine the likely retail impacts. SGS retail gravity modelling assumes that redirected turnover is a function of the competing offer of centres in the retail landscape where expenditure capture is determined by travel time (rather than distance used in the HillPDA model), the size of the centre, and its attractiveness as a retail destination.

8. It is not clear to what extent HillPDA have included retail floorspace that is in the supply pipeline – i.e. at various stages of approval or development but not yet built and operational.

9. The retail trend data used here may be out of date given the relatively flat recent retail trade patterns. Moreover, projecting a straight line from the long run trend may fail to account for the fundamental shift now affecting the retail industry with the rapid growth of online retail.

10. We agree that there is no universal measure of significant impact. The significance of a percentage turnover impact on a particular centre will depend on the circumstances of that impact. We would suggest that 10% turnover reduction is the threshold for significance but it's important to also examine the resultant RTD. A centre may be able to tolerate a high impact if it retains a reasonable RTD and by the same logic a relatively small percentage turnover impact may threaten viability if the current RTD is very low.

11. As Westfield is an anchor for Liverpool CBD, its viability is a legitimate concern. Performance should be carefully examined; a failing Westfield could threaten the role and function of Liverpool centre.

12. We agree that 10% falls below most commonly accepted levels of significant impact. The resultant RTD would also unlikely be at a level that would threaten the viability. However, it would be useful if HillPDA could provide more supporting information to demonstrate that Westfield will be able to operate with a reduced RTD

13. We agree that the retail growth projections for the identified primary trade area will bring trading levels back to pre-impact levels and this is a significant consideration. However, it is nonetheless a secondary issue after consideration of the trading impacts and resultant RTD in the first full year of operation.

14. We understand that the precise retail split for the site is not yet known. However, the proposed retail split tested by HillPDA appears reasonable. The floorspace split is significant because a higher proportion of floorspace devoted to non 'outlet retail' premises would likely result in a greater local impact. This is due to the typically large trade areas for outlet retail..

15. We are generally happy with the nominated RTDs. However, the nominated RTD for Dan Murphys is a little conservative. This store type could trade as high as $13,000 per sqm

16. In broad terms we agree we agree with the conclusions of the HillPDA analysis. The assumptions around escape expenditure from the primary trade area are not detailed in the HillPDA report. A conservative estimate of escape expenditure will affect the impact result. However, we accept that an outlet centre will likely capture a significant level of expenditure that currently escapes from the LGA.

17. In terms of trade impact for the nominated floorspace split, the result is below a reasonable threshold for significance at all centres. However, HillPDA quite rightly note that a different floorspace split (with a DDS or large supermarket for example) for have a greater impact on Liverpool CBD and neighbouring centres. In this sense the ability of the controls to limit non outlet retail is critical to trading impacts.

SCCA submission

The key findings from our review of the SCCA submission are listed below:

1. While the various scenarios for floorspace split tested in the Hill PDA report show a relatively small amount dedicated to supermarket and other general retail (i.e. other than 'outlet' retail). However, a larger proportion of general retail on the site would be likely to have a greater impact on Liverpool CBD and neighbouring centres.
2. This submission appears to hinge on this point – that it is not the existence of a outlet retailing at this site that is a cause for concern; rather it is the threat of a significant level of general retail premises that might include supermarket or DDS businesses.

Stockland submission

The key findings from our review of the Stockland submission (Don Fox Planning) are listed below:

1. We would also suggest that the Leyshon trade area is too large. However, we suggest that Don Fox Planning's concern over the primary and secondary trade areas is misplaced. The separation of a trade area into primary and secondary is much less important than the accurate definition of the trade area in the first instance – including an accurate assessment of escape expenditure from that system.
2. We agree that the extension of the trade area to include Campbelltown is unreasonable.
3. A lower estimated floorspace level at Fairfield wouldn't necessarily result in greater impact at Stockland Wetherill Park. Lower floorspace at Fairfield would give rise to a lower estimated turnover figure after the application of a suitable RTD. This is because the impact test is based on the same floorspace and turnover assumptions in both the 'with' scenario and the 'without' scenario being tested.
4. We note the assertion of Don Fox Planning that a limitation of 1,200sqm per outlet may not effectively control retail types at the subject site. In addition, there is a risk that several similar retailers under the 1,200sqm cap could locate at the subject site, which would negate the effectiveness of the cap. These issues need to be carefully considered by DP&I in its final assessment of the floorspace cap.
5. We agree that ideally the floorspace areas and the use split would be known before conducting an economic impact assessment. However, in this case it is not possible and so a number of different scenarios have been tested by Leyshon and HillPDA.
6. Various configurations were tested by HillPDA each with a total floorspace of 19,000sqm. We do however agree that the impacts will be very different with different assumed mixtures of floorspace types.
7. We agree that the assumed RTD for the Dan Murphys store appears to be on the low side. The ALDI RTD appears to be a little conservative, but reasonable. This will result in a greater impact being felt on other centres within the trade area. However, this would unlikely result in turnover reduction at significant levels but retail simulation (gravity) modeling would have to be run to verify this.
8. A 5% reduction in turnover would generally be considered insignificant in retail impact terms.

Fairfield submission

The key findings from our review of the Fairfield Council submission are listed below:

1. We agree with the assertion that reliance on historical retail data for retail expenditure projections is optimistic given the changing nature of retail.
2. 'Significance' as discussed in the HillPDA impact tests refers to whether a reduction in turnover would likely jeopradise the viability of the affected centre. Although there is no universally accepted 'significant' level, generally a turnover reduction of between 2% and 4.8% would not be considered significant.

3. We agree with Fairfield Council's concern that it may be difficult to enforce limits on the use of the site for factory outlets.

4. We do not think there will be significant overlap between bulky goods expenditure and retail outlet expenditure. Part of the HillPDA test is a 'with development' versus 'without development' test in the first year of expected operation – this is a legitimate way of conducting impact tests.

5. Marketinfo is based on a statistical adjustment of the ABS household expenditure survey and has become the industry standard for the production of small area household expenditure data. We feel it is a legitimate data source.

6. We agree that HillPDA retail expenditure forecasts are likely to be on the optimistic side given more recent retail performance and the ongoing challenges facing the traditional retail industry.

7. We agree that the Leyshon report does not make any attempt to assess impacts below the LGA level and suggest that the lack of an impact assessment on individual centres is most significant failing of the Leyshon report.

8. We agree that the extent of traditional retail activities at the subject site will have a significant bearing on the impacts felt by existing centres

9. We concur with the strengths of the HillPDA analysis identified by Norling Consulting.

10. Marketinfo is based on a statistical adjustment of the ABS household expenditure survey and has become the industry standard for the production of small area household expenditure data. We feel it is a legitimate data source. We would seek clarification on the assertion by Norling Consulting that Marketinfo estimates are overstated by 10-15%

11. We agree that all retail centres within the identified trade area should be included in the impact analysis.

12. As far as possible and reasonable, all known retail floorspace should be included in the system being modelled. This should include approved developments in the pipeline.

Westfield submission (Urbis report)

The key findings from our review of the Westfield submission (Urbis report) are listed below:

1. We broadly agree with the input assumptions for the generation of retail expenditure forecasts.

2. We broadly agree with the supply pipeline described by Urbis; however the inclusion of proposed but not yet approved stores is probably going too far. We would suggest only including proposed and approved development.

3. The description of the 'competitive usage' model is unclear but it seems to operate as a retail gravity model based purely on a proportional adjustment of existing turnover – i.e. it does not take into account the accessibility or attractiveness of competing centres.

4. Trading impacts are only assessed for Liverpool CBD. The retail impact tests should include the impacts on all centres within the defined retail system.

5. We suggest that the scenario 2 (i.e. 19,000sqm general retail floorspace) is not realistic. In essence, the scenario assumes that the outlet centre would turn into a single DDS based sub-regional centre; this is not likely to happen.

6. In terms of total retail turnover impacts on Liverpool CBD from outlet retailing development, the Urbis assessment of cumulative turnover reduction at 6% is below the generally accepted threshold for significance.

7. In terms of total retail turnover impacts on Liverpool CBD from a general retail development, the Urbis assessment of cumulative turnover reduction at 8% is below the generally accepted threshold for significance.

8. The Urbis quoted impacts on the apparel commodity group of 12.7% is significant *for this group*. However, the real question of impact should be focused on the viability of the centre as a whole – not individual retailers or even individual commodity groups.

9. While we accept that apparel and food retailers in Liverpool CBD may have limited capacity to be able to absorb a turnover reduction of 10% and that an increased level of vacancy would be a likely outcome, it would be useful here to illustrate the 'tipping point' for retailers' viability with reference to current benchmark and resultant RTDs. As it stands, there is insufficient evidence in the report to suggest that impacts on the CBD as a whole would be such that its role, function, or viability would be threatened.

SGS Conclusion

Although the precise nature of development at the subject site in terms of the floorspace mix is not known, all of the reviewed impact analysis suggests that impacts on Liverpool CBD and other centres within a reasonably defined primary trade area will not feel a significant trading impact in the first year of operation given various assumed development scenarios at the subject site.

While SGS raises a few minor issues with model inputs/ assumptions and there are a few points for clarification, in broad terms we support the approach taken in the HillPDA retail impact analysis. Notwithstanding the above point, a change in floorspace mix at the subject site will be likely to substantially change the pattern of retail impacts. In particular, a large shift away from outlet retail to more general retail would likely have significant impacts – particularly on Liverpool CBD and Westfield as its retail anchor.

The Urbis analysis tests a scenario with the highest general retail proportion (100%, a total of 19,000sqm). In this case although the total impact on Liverpool CBD in terms of turnover reduction is still below generally accepted levels for significance, Urbis highlight that individual commodity groups would likely experience significant impacts. While we do not feel there is sufficient evidence presented in the reviewed reports to suggest that this would in turn threaten the viability of Liverpool CBD as a whole, it is nevertheless imperative that planning controls are drafted such that outlet retailing is the focus and general retail uses are restricted to minimum levels (i.e. levels that have been shown to have insignificant impact through retail modelling).

In terms of the range of likely impacts on centres, Liverpool CBD would feel the greatest impact (and as a result Liverpool CBD has been the focus for much of the economic impact analysis). Bonnyrigg and Fairfield would both likely experience much lower level impacts in terms of turnover reduction. In the HillPDA cumulative impact assessment, turnover reduction at Fairfield is 2.8% and is 3.6% for Bonnyrigg in 2016 compared with a reduction of 7.8% for Liverpool CBD in 2016. Although we would need to conduct our own retail simulation modelling to conclude on the likely impacts felt by these centres, we can examine the implied resultant RTDs in the HillPDA analysis as a sense check. Working from HillPDA's cumulative impacts table, the RTDs for these centres are as follows:

- Liverpool $5,052/sqm (2012) $5221/sqm (2016 with proposal)
- Fairfield $4590/sqm (2012), $4772/sqm (2016 with proposal)
- Bonnyrigg $4068/sqm (2012), $4194/sqm (2016 with proposal)

In each case the resultant RTD in 2016 is higher than the current level. This is the result of expenditure growth in the trade area. This shows that although each centre experiences a turnover reduction in 2016 compared to likely turnovers if the proposal did not proceed, the resultant RTDs are still higher than current RTDs. On the basis of these numbers, this suggests that the impact would be such that viability is not affected.

www.sgsep.com.au

Contact us

BRISBANE

PO Box 1177
Level 1, 76 McLachlan Street
Fortitude Valley QLD 4006
+61 7 3124 9026
sgsqld@sgsep.com.au

CANBERRA

Level 1, 55 Woolley Street
Dickson ACT 2602
+61 2 6262 7603
sgsact@sgsep.com.au

HOBART

Unit 2, 5 King Street
Bellerive TAS 7018
+61 (0)439 941 934
sgstas@sgsep.com.au

MELBOURNE

Level 5, 171 La Trobe Street
Melbourne VIC 3000
+61 3 8616 0331
sgsvic@sgsep.com.au

SYDNEY

Suite 12, 50 Reservoir Street
Surry Hills NSW 2010
+61 2 8307 0121
sgsnsw@sgsep.com.au

SGS Economics & Planning