

## BULAHDELAH HIGHWAY SERVICE CENTRE Economic Impact Assessment



Prepared for SG Haddad Advisory

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## Quality Control

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# INTRODUCTION

# 1.0 INTRODUCTION

## **Background**

The following Study has been commissioned by SG Haddad Advisory regarding a site at 9844 Pacific Highway, Bulahdelah (referred to the Subject Site thereafter).

Earlier reports by HillPDA in June 2016 and August 2017 reviewed the economic impacts of a proposed Highway Service Centre (HSC), tourist accommodation, brewery and residential uses in Bulahdelah and the surrounding locality and concluded that the site is an ideal location for a highway service centre.

The HSC would include fuel retailing with associated quick service restaurant facilities.

In its review of the 2016 report Council was critical that the report included all proposed land uses and that only the HSC should have been assessed as this was the only proposed land use that was non-conforming under the current zoning.

The report was updated in 2017 and considered the impacts only from the proposed HSC.

This review is a further update in response to a number of Council comments and includes the findings from further research undertaken of shoppers and visitors in the Bulahdelah township.

## **Purpose of Report**

The purpose of this report is to provide the findings of an economic impact assessment of the planning proposal for a Bulahdelah HSC. This includes the economic impacts in the locality including the beneficial impacts to Bulahdelah in terms of investment and jobs as well as any potential negative impacts on competing businesses, both in Bulahdelah and along the highway (if relevant under the EPA Act).

# SUBJECT SITE AND PROPOSAL

## 2.0 SUBJECT SITE AND PROPOSAL

This Chapter provides a description of the Subject Site, including location and regional context, as well as the specific site characteristics relevant to development of a highway service centre.

### 2.1 Location and Regional Context

The town of Bulahdelah is located on the Pacific Highway, approximately 250 kilometres north of Sydney, 44 kilometres north of Karuah and 75 kilometres south of Taree. Bulahdelah is in MidCoast LGA and the former Great Lakes Shire which has been historically aided by the tourism and sandmining industries as well as and by road and bridge construction. In more recent times the area has emerged as a popular 'lifestyle region', with increasing numbers of retirees, people seeking an alternative or coastal lifestyle, and holiday makers.

The appeal of the Great Lakes area is a reflection of the natural attractiveness of the area – its natural attributes include large expanses of National Park and State Forest, a triple lake system (Myall Lake, Bombah Broadwater and Wallace Lake), numerous rivers and beaches – while the climate and the significant amount of residential housing opportunities close to the coast also boost the attraction. The towns of Forster, Tuncurry and Taree are the employment, retail and service provider centres of the MidCoast LGA.

Traditionally, towns within the 'rural based' Great Lakes area primarily provided an important service role to the rural hinterland. Bulahdelah is one such important service centre, providing for the needs of the region which immediately surround the town, including the small villages of Rosenthal, Markwell, Upper Myall and Wootton to the north, and Nerong, Bombah Point and Booral to the south-east and south-west.

In addition to serving as a rural service centre for residents of the surrounding rural hinterland, Bulahdelah is also regarded as the gateway to the shallow saltwater lakes of the Myall Lakes National Park. As such, the town plays some role from a tourism perspective, though the main tourism generated by the town is brought about by the proximity to the Pacific Highway – the major transport route along the central east coast of Australia. This means that Bulahdelah is a popular stopping point for travellers seeking a brief rest stop during their journey.

In June 2013, an 8.6km bypass of Bulahdelah opened after three years of construction. The bypass stretches between Bulahdelah and the edge of Alum Mountain, and spans the Myall River. The bypass allows two access points to Bulahdelah, one at the northern end and one at the southern end of the town, which ensures good connections for road users and a safe place to stop with facilities. Economics aside, the bypass is a major safety and environmental improvement to the town with concerns previously caused by a dual-carriage highway narrowing to a single-lane bridge over the river.

**Figure 1: Bulahdelah Bypass (south Bulahdelah access bridge)**



Source: Roads and Maritime Services (RMS)

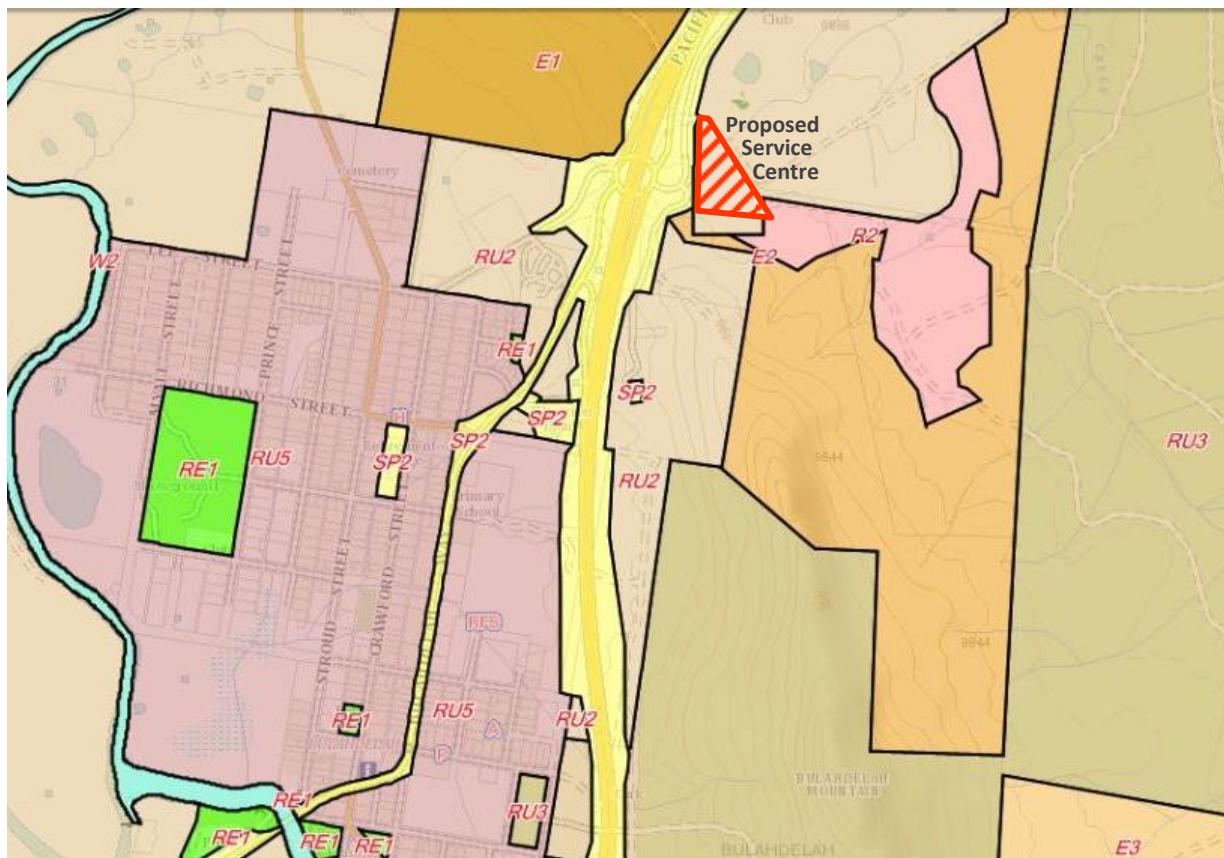
The town of Bulahdelah currently features two service stations: Shell and BP (formerly Mobil). Both of these fuel retailers are located on Boolambayte Street which was the main thoroughfare through the town prior to the bypass opening. Service centres typically rely on very high exposure to passing trade and therefore the location of these existing sites is now sub-optimal. A reduction in traffic along Boolambayte Street, brought about by the bypass, will negatively impact visitation to these outlets. It is noted that these negative trading impacts will continue to occur irrespective of the proposed highway service centre development, simply because of their sub-optimal location.

## 2.2 Subject Site

The Subject Site is located on the north-eastern side of Bulahdelah Township adjoining the RMS Bulahdelah Eastern bypass and roundabout at 9844 Pacific Highway, Bulahdelah.

The majority of the Subject Site is zoned RU2 Rural Landscape and a small part is zoned R2 under the Great Lakes Local Environmental Plan (LEP) 2014 as shown in the figure below.

**Figure 2: Subject site land zoning**



Source: Costplan Consulting

The Subject Site is approximately 2 hours and 45 minutes' drive (240km) north of the Sydney Central Business District (CBD) and 1 hour drive north of Newcastle (96km). Myall Lakes (22 minutes or 25km from the Subject Site) and Newcastle Airport (40 minutes or 75km from the Subject Site) are also within relative proximity.

## 2.3 Proposed Development

There is a current DA approval for a tourist facility at the Subject Site. In addition, previous approval for the residential subdivision of Lot 2 at the Subject Site has also been obtained from Council.

The Subject Site has been identified as a suitable location for a HSC on land for both cars and trucks and would include an offering of fast food restaurants. An area of around 2 to 3 hectares adjacent to the roundabout as shown on the above map is available for this purpose (albeit the size of the service centre with truck stops would likely be in the order of only one to two hectares). The land is currently zoned mostly RU2 and a small area is zoned R2. The proposal would require a rezoning of the land via Schedule 1 of the LEP.

# STRATEGIC POLICY CONTEXT

## 3.0 STRATEGIC POLICY CONTEXT

This chapter provides a summary overview of relevant strategies that relate to the Bulahdelah locality and in particular the proposed HSC at the Subject Site.

### 3.1 Hunter Regional Plan

The NSW Government has prepared the Hunter Regional Plan to establish the guiding principles for how the future growth of the region will be planned and managed. Mid Coast LGA is the northern most LGA within the region. Mid Coast LGA is a recent amalgamation of Greater Taree, Gloucester and Great Lakes LGA. Bulahdelah is in the former Great Lakes.

Over the past 20 years (1991-2011), the former Great Lakes LGA experienced a 33% population increase, reflecting a considerable amount of growth and change.

### 3.2 Great Lakes Local Environmental Plan 2014

The land is affected by the Great Lakes Local Environmental Plan (LEP) 2014. The LEP has several aims one of which is *"to facilitate the orderly and sustainable economic development of land"* which the proposal is consistent with.

The majority of the Subject Site is zoned RU2 Rural Landscape and a small part is zoned R2 under the LEP (refer to Figure 3 above). The objectives of the RU2 zone include:

- *To encourage sustainable primary industry production by maintaining and enhancing the natural resource base*
- *To maintain the rural landscape character of the land*
- *To provide for a range of compatible land uses, including extensive agriculture*
- *To provide for rural tourism in association with the primary industry capability of the land which is based on the rural attributes of the land*
- *To secure a future for agriculture in the area by minimising the fragmentation of rural land and loss of potential agricultural productivity.*

The proposal is not consistent with the zoning objectives. However the land is vacant and being adjacent to the entry/exit of the motorway is not suitable for any productive agricultural purposes.

The LEP lists a wide range of permissible uses. HSC is not included in the list meaning that it is not permissible. Notwithstanding the site provides an ideal opportunity for an HSC being on the Pacific Highway at the northern entrance to the township. Rezoning of the land is therefore required to permit the HSC.

A HSC under the LEP is defined as *"a building or place used to provide refreshments and vehicle services to highway users. It may include any one or more of the following:*

- *a restaurant or cafe*
- *take away food and drink premises*
- *service stations and facilities for emergency vehicle towing and repairs*
- *parking for vehicles*
- *rest areas and public amenities.*

### **3.3 NSW RMS Pacific Highway Services Centre Policy**

The Pacific Highway Services Centre Policy was prepared by NSW Roads and Maritime Services, May 2014. The policy has the same definition of a HSC as the LEP (see above).

There are several requirements for a HSC under the policy including the provision of parking for heavy vehicles, public toilets, tourist information, children's play area, 24 hour trading and prohibition of alcohol.

This definition and the requirements do, however, go beyond the Standard LEP definition for a highway service centre. Direction by Council has advised that it is the LEP definition which is that to be abided by, despite the Policy direction.

The locations for existing and future service centres are defined, however Bulahdelah is not included. This however does not preclude a service centre in Bulahdelah if demand can be justified.

### **3.4 Great Lakes Pacific Highway Services Centre Strategy**

In 2004 the former Great Lakes Council prepared a Highway Service Centre Strategy largely in response to the planned bypasses at Karuah and Bulahdelah. The strategy defines Bulahdelah as a Highway Service Town and that an 'out-of-town' highway service centre not be permitted.

Whilst the site for the proposed highway service centre is predominantly zoned rural it is positioned between residential zoned land to the east and the main Bulahdelah village to the west on the opposite side of the highway. The site fronts Recovery Road (60 km/hour limit) which is a local street and is connected to Bulahdelah Way west of the highway via the roundabout above the motorway. It is therefore part of the Bulahdelah township.

The purpose of the strategy in relation to Bulahdelah is to protect the economic function of the town in servicing passing traffic on the highway in terms of fuel/food and other services. However the bypass itself has already had an adverse economic impact on existing businesses in Bulahdelah. The subject site is uniquely positioned both in the township and to the side of the motorway to provide the role of a HSC as well as strengthening Bulahdelah's role as a highway service town (HST).

# DEMOGRAPHIC TRENDS

## 4.0 DEMOGRAPHIC TRENDS

This Chapter provides an overview of key demographic trends which are of relevance to development of the Subject Site.

### 4.1 Population Levels and Trends

The resident population of the former Mid-Coast LGA is forecast to increase from its current level of 93,408 persons in 2018, to approximately 113,147 people in 2036. This represents an increase of around +19,740 persons, showing an average growth of almost 1,097 persons per annum and an average growth rate of +1.2% per annum. While the overall population growth in the former Shire is expected to be substantial, the distribution of that growth will differ significantly.

Historically, the non-coastal rural towns in Mid-Coast LGA (including Bulahdelah) tend to attract families and lose some young adults as they seek employment and educational opportunities in the larger centres. Retirees are more attracted to the coastal parts of the LGA.

The population and dwelling projections shown in Table 1 have been sourced from Forecast id and show that, while population growth over the past five years has been modest, an additional 372 (net) new residents are expected to move into the Bulahdelah region over the next 18 years. This represents a forecast increase from its current level of 1,875 persons in 2018 to approximately 2,247 people in 2036.

**Table 1: Population and dwelling trends, Bulahdelah-Central Rural, 2016-2036**

	2016	2021	2026	2031	2036
<b>Total population</b>					
Bulahdelah – Central Rural	1,852	1,910	2,010	2,117	2,247
Mid –Coast LGA	91,958	95,583	100,323	106,449	113,147
<b>Annual growth (no.)</b>					
Bulahdelah – Central Rural		58	100	107	129
Mid –Coast LGA		3,625	4,740	6,126	6,699
<b>Annual growth (%)</b>					
Bulahdelah – Central Rural		0.61	1.03	1.04	1.19
Mid –Coast LGA		0.78	0.97	1.19	1.23
<b>Total dwellings</b>					
Bulahdelah – Central Rural	971	990	1,028	1,078	1,139
Mid –Coast LGA	47,981	50,276	53,199	56,665	60,270

Source: Population id December 2017 forecasts

Note: Bulahdelah - Central Rural includes the township of Bulahdelah, several small villages and the mostly rural localities of Bombah Point, Boolambayte, Crawford River, Markwell, Mayers Flat, Mungo Brush, Myall Lake, Topi Topi, Upper Myall, Violet Hill, Warranulla and Yagon.

### 4.2 Unemployment Trends

Unemployment in Mid-Coast LGA fell from 11.8% in 2001 to 9.0% in 2016. However, it is understood that Mid-Coast Council still regards unemployment in the area as a key issue noting that the level is considerably higher than the Regional NSW average (6.6% in 2016).

In 2001, Bulahdelah had a relatively low unemployment rate of 7.1% compared to 11.8% in the Mid-Coast LGA. By 2016, the Bulahdelah figure decreased to 6% which was lower than that recorded for the wider LGA and Regional NSW.

Of particular interest is the profile of those residents who are unemployed and actively seeking work. Of the 48 unemployed persons in the Bulahdelah in 2001, a total of 48 persons indicated that they were seeking full-time employment, while only 5 persons or 10% were seeking part-time employment.

15 years later in 2016 and the demand for part-time employment is now stronger, with 33% of unemployed residents showing a preference for a part-time position. Part-time and casual positions, such as those which would be created by the development of the Subject Site, would suit the employment preferences of the local labour force, having regard to the later figures.

**Table 2: Employment status, Bulahdelah - Central Rural, 2001-2016**

Employment status	Bulahdelah - Central Rural				Mid-Coast LGA	
	2001		2016		2001	2016
	No.	Share	No.	Share	Share	Share
Employed	629	92.9%	665	94.0%	88.2%	91.0%
Employed full-time	339	50.1%	352	49.7%	50.7%	47.3%
Employed part-time	257	38.0%	298	42.2%	34.7%	41.5%
Hours worked not stated	32	4.9%	15	2.1%	2.8%	2.2%
Unemployed (Unemployment rate)	48	7.1%	42	6.0%	11.8%	9.0%
Looking for full-time work	42	6.3%	28	4.1%	9.1%	5.7%
Looking for part-time work	5	0.9%	14	2.0%	2.6%	3.4%
<b>Total Labour Force</b>	<b>677</b>	<b>100.0%</b>	<b>708</b>	<b>100.0%</b>	<b>100.0%</b>	<b>100.0%</b>

Source: ABS Census and Community id

### 4.3 Labour Force Trends

The traditional economic base for the region surrounding Bulahdelah has been dairy farming, beef cattle production and forestry. Employment in these industries has declined over the past several decades but remain high as a proportion of total employment compared to the LGA total.

Bulahdelah had developed a role as a highway service town providing jobs in the retail and hospitality industries. However recently this has fallen, most likely due to the impact of the bypass. As shown in the table below the levels of employment in these key industries decreased from 2011 to 2016. Bulahdelah lost 19 jobs in retail and accommodation and food services and lost a total of 80 jobs in all industries combined. Industries relating to the region's tourism appeal are growing at a LGA level, though the relative distance of Bulahdelah from the popular NSW coastline presents challenges in making tourism a major contributor to the economy.

The main industries of employment for Bulahdelah residents are the following:

- Health care and social assistance, with 13.8% compared to 17.3% for the Mid-Coast LGA
- Agriculture, Forestry and Fishing, with 12.2% of the labour force, compared to 5.3% in Mid-Coast LGA
- Retail trade, with 10.9% of the labour force, compared to 112.6% in Mid-Coast LGA
- Accommodation and food services, with 10.7% compared to 9.2% in Mid-Coast LGA.

This information is summarised below.

Table 3: Industry sector of employment, Bulahdelah - Central Rural, 2011-2016

Industry sector	Bulahdelah - Central Rural					Mid-Coast LGA	
	2011		2016		Change	2011	2016
	Number	%	Number	%	2011-16	%	%
Agriculture, Forestry and Fishing	57	7.8	80	12.2	+23	5.2	5.3
Mining	5	0.7	0	0	-5	1.4	1.1
Manufacturing	60	8.1	65	9.9	+6	7.6	5.5
Electricity, Gas, Water & Waste	20	2.8	12	1.8	-8	1.6	1.6
Construction	78	10.6	46	7.0	-32	9.0	9.5
Retail Trade	86	11.7	72	10.9	-15	13.7	12.6
Wholesale trade	16	2.3	3	0.6	-13	2.4	1.5
Accommodation and Food Services	75	10.1	70	10.7	-4	8.8	9.2
Transport, Postal and Warehousing	53	7.3	35	5.4	-18	3.9	3.8
Information Media and Telecommunications	0		9	1.4	+9	0.8	0.8
Financial and Insurance Services	3	0.4	3	0.5	0	1.6	1.4
Rental, Hiring and Real Estate	16	2.2	5	0.9	-10	1.8	1.8
Professional, Scientific and Technical Services	17	2.3	14	2.1	-3	3.6	3.6
Administrative & Support Services	5	0.7	27	4.2	+23	3.2	3.6
Public Administration and Safety	26	3.6	25	3.8	-1	4.5	4.3
Education and Training	64	8.7	37	5.7	-27	7.8	8.1
Health Care and Social Assistance	87	11.8	91	13.8	+4	15.5	17.3
Arts and Recreation Services	16	2.2	6	0.9	-10	1.4	1.2
Other Services	23	3.1	24	3.6	+1	4.0	3.9
Inadequately described or N.S.	27	3.7	29	4.5	+3	2.3	3.9
<b>Total employed persons aged 15+</b>	<b>740</b>	<b>100.0</b>	<b>660</b>	<b>100.0</b>	<b>-80</b>	<b>100.0</b>	<b>100.0</b>

Source: ABS Census and Community id

A main benefit of the planning proposal is that it will significantly reverse the downward trend regarding loss of jobs in the retail and hospitalities industries in Bulahdelah.

# TRAFFIC

## 5.0 TRAFFIC

### 5.1 Traffic Volumes

Traffic volumes along Pacific Highway increased significantly between 2007 and 2010, according to Roads and Maritime Services data. Approximately 1,650 more vehicles per day have been using the stretch of Pacific Highway near Bulahdelah in 2010 compared with the numbers recorded for 2007. This trend represents a substantial 4.6% average annual increase in traffic flows. While heavy vehicle volumes have increased only moderately during this time, approximately 1,600 more light vehicles (ie, those with a gross vehicle mass of 4.5 tonnes or less) have been using the Pacific Highway per day in 2010 compared with 2007, representing a significant 5.5% average annual growth rate. This information is shown in the following table.

**Table 4: Pacific Highway traffic volumes, Bulahdelah, 2007-2010**

Vehicle type	2007	2010	AAGR
Light vehicles	9,083	10,680	+5.5%
Heavy vehicles	2,330	2,379	+0.7%
All vehicles	11,413	13,059	+4.6%

Source: Traffic Volume Viewer, NSW Roads and Maritime Services

Note: Date refers to RMS Station Id: 09909, located 1.98km North of Myall River Road, Bulahdelah

AAGR = Average Annual Growth Rate

Figure 2 - Unfortunately RMS has not undertaken updated traffic surveys since 2010 which would establish the more recent traffic patterns in proximity to the town of Bulahdelah and the Subject Site.

Growth along the Pacific Highway has been very strong based on counts in other locations as shown in the table below.

**Table 5: Growth in traffic along the Pacific Highway 2015-2018**

Location	2015	2016	2017	2018	AAGR
2km north of Nabiac (both directions)	16,355	17,295	17,638	19,872	6.7%
Twelve Mile Creek (southbound only)	9,750	10,197	10,364	12,069	7.4%
Kiwarra, 5km south of Taree (both directions)		21,276	21,582	23,710	5.6%

Source: Traffic Volume Viewer, NSW Roads and Maritime Services

Southbound traffic at Twelve Mile Creek, 50km south of Bulahdelah has been 21% over two years from 2015 to 2017. The number of heavy vehicles increased 48% from 5.6% of all vehicles to 6.8%.

The number of combined north and southbound vehicles through Nabiac, 46km to the North, increased by 16% over two years from 2015 to 2017.

## 5.2 Growth of Pacific Highway Traffic

While updated surveys have not been undertaken in Bulahdelah since 2010, the then Roads and Traffic Authority (RTA), now Roads and Maritime Services, published an Environmental Impact Statement<sup>1</sup> technical paper in 2004 which forecast that traffic flows along the Pacific Highway would increase by an average annual growth rate of 2.45% from 2007 onwards.

Noting that the actual increase in traffic flows has been higher than first predicted by RTA – 4.6% as shown in Table 4 – we have applied an estimated growth rate of 4.6% between 2010-2016 and the more moderate RTA estimate of 2.45% thereafter.

The application of these growth rates to the 2010 survey data provides the forecast traffic flows shown in Table 5. An additional 5,760 vehicles per annum are anticipated to pass along the Pacific Highway near Bulahdelah in 2028 compared with 2016 figures.

Approximately 16,270 (or 71%) of the 22,860 total vehicles in 2028 are anticipated to be light vehicles, based on trends observed between 2007 and 2010. This figure compares with 10,680 light vehicles recorded on the Pacific Highway in 2010 (refer Table 4).

**Table 6: Forecast Pacific Highway traffic volumes, Bulahdelah, 2010-2028**

Year	Traffic Volume (average vehicles per day)
2010	13,059
2013	14,942
2016	17,097
2020	18,836
2024	20,750
2028	22,860
<b>Total change, 2016-2028</b>	<b>+5,762</b>
<b>Total change, 2016-2028 (%)</b>	<b>+34%</b>

## 5.3 Trips Diverting from Pacific Highway into Bulahdelah

### Current Situation

Traffic surveys were undertaken by Northern Transport Planning and Engineering Pty Ltd of vehicle movements into and out of Bulahdelah on Friday 6th November 2015 from 9am to 4pm. These surveys identified existing patterns relating to through trips and have quantified the number of vehicles that are diverting into Bulahdelah.

It is of relevance that these surveys were taken on an average day and not in any holiday period, which may otherwise inflate these figures. A summary of these results is presented below:

- Between 6.5% and 11.9% of passing traffic diverted into Bulahdelah during the survey period, with an overall diverting share of 9.1%
- Approximately 40% of these diverted trips spent less than 15 minutes in Bulahdelah
- Approximately 54% of these diverted trips spent from 15-60 minutes in Bulahdelah
- Approximately 6% of these diverted trips spent more than 60 minutes in Bulahdelah.

<sup>1</sup> Bulahdelah – Upgrading the Pacific Highway (Technical Paper 6)

The higher share of northbound traffic diverting into Bulahdelah reflects the strategic location of Bulahdelah for a rest or refuelling stop, noting that the locations of Newcastle, Gosford and Sydney are to the south of Bulahdelah.

Note that the surveys were undertaken for only a portion of one day and therefore discrepancies exist between the figures reported in Table 4 and the recorded findings in Table 7.

**Table 7: Traffic passing or diverting into Bulahdelah, November 2015**

	Northbound	Southbound	Total
<b>Total vehicles passing</b>	2,391	2,810	5,201
<b>Total vehicles diverting</b>	323	196	519
<b>Share diverting into Bulahdelah</b>	11.9%	6.5%	9.1%

Source: Northern Transport Planning and Engineering Pty Ltd

### Forecast Situation

The trends in traffic coming into the Bulahdelah town centre have been estimated based on the traffic volume trends in Table 5 and findings of Table 7. As shown in the Table below, the opening of the Bulahdelah Bypass has had a dramatic effect on the number of vehicles which pass through the town centre on a daily basis.

Immediately prior to the opening of the bypass in June 2013, approximately 15,000 vehicles per day travelled along the Old Pacific Highway and through the town of Bulahdelah. Based on a diverting share of 9.1% from the Bypass (refer Table 6), it is estimated that vehicle numbers per day decreased to approximately 1,360 vehicles in Bulahdelah immediately following the opening of Bypass.

The local economy of Bulahdelah has been in decline for a number of years. However the additional effect of a significant reduction of more than 90% of vehicles passing through the town centre is impacting businesses which rely on passing traffic for a large share of their trade. In this regard, the most significant negative impact for highway-related (or passing trade reliant) business in the town of Bulahdelah – such as the two existing fuel retailers on Boolambaye Street – has been the opening of the Bypass itself, rather than any other external influences.

However, the figures indicate that the total number of motorists likely to stop at Bulahdelah will increase by 523 vehicles per day as a result of the increasing volume of traffic predicted to use the highway over the next 12 years. Naturally, this will have a positive impact on the site itself, but also for the community of Bulahdelah.

**Table 8: Trends in traffic diverting into Bulahdelah, 2007-2028**

Year	Total traffic volumes	Share of vehicles diverting into Bulahdelah	Total vehicles diverting into Bulahdelah per day
2007	11,413 <sup>(1)</sup>	100%	11,413
2010	13,059 <sup>(1)</sup>	100%	13,059
2013	14,942 <sup>(2)</sup>	100% (pre-Bypass) 9.1% (post-Bypass)	14,942 (pre-Bypass) 1,356 (post-Bypass)
2016	17,097 <sup>(2)</sup>	9.1% <sup>(3)</sup>	1,551
2020	18,836 <sup>(2)</sup>	9.1%	1,709
2024	20,750 <sup>(2)</sup>	9.1%	1,883
2028	22,860 <sup>(2)</sup>	9.1%	2,074
<b>Impact of Bypass (2013)</b>			<b>-13,586</b>
<b>Growth 2016-2028</b>			<b>+523</b>

Source: Roads and Maritime Services <sup>(1)</sup>; HillPDA <sup>(2)</sup>; Northern Transport Planning and Engineering Pty Ltd <sup>(3)</sup>

# COMPETITIVE CONTEXT

## 6.0 COMPETITIVE CONTEXT

This Chapter provides a summary of the competitive context in which the proposed HSC on the Subject Site.

### 6.1 Highway Service Stations

There is currently a limited supply of Highway Service Stations with only two medium sized service stations in Bulahdelah each with 4 pumps. All nearby fuel stations are identified in the table below.

**Table 9: Service Stations in the locality**

Facility Name	Address	Distance from Subject Site	Distance from Sydney	Truck stop-over parking
Coles Express, Bulahdelah	22 Booloombay St, Bulahdelah*	1.8km South	237km	No
BP, Bulahdelah	59 Booloombay St, Bulahdelah*	1.8km South	237km	No
Caltex Coolongolook	Cnr Midge St & Pacific Hwy, Coolongolook	28km North	267km	Yes
BP Coolongolook	Pacific Highway, Coolongolook	30km North	267km	No
Caltex Nabiac	Pacific Highway, Nabiac	45km North	282km	No
Caltex, Glenthorne (South Taree)	Old Bar Road, Glenthorne	66km North	307km	Yes
Caltex, Raymond Terrace	40 Richardson Rd, Raymond Terrace*	73km South	170km	Possible
Shell, Heatherbrae	290 Pacific Hwy	80km South	165km	Yes
BP Connect, Heatherbrae	2398 Pacific Hwy	77km South	165km	Yes
7-11, Heatherbrae	Pacific Hwy, Cnr Hank	79km South	165km	No
United Petroleum "The Rock"	Viney Creek	32km South	205km	Possible

The stations at Coolongolook at around 30km to the north and Heatherbrae to the south of the Subject Site are relatively convenient and have direct frontage to the highway. However both centres at Coolongolook are on the east side of the Pacific Highway. Other stations such as Glenthorne (South Taree) and Richardson Road, Raymond Terrace do not directly front the highway and are also not visible from the highway but are nonetheless reasonably convenient and signposted.

Bulahdelah has one strong advantage over the other above locations – namely the distance from Sydney being around two and half to three hours, around the time that a break is required from driving.

There are two service centres in Bulahdelah but the Subject Site at 9844 Pacific Highway has a few significant competitive advantages in comparison:

- The Subject Site is on the bypass rather than in the town centre
- Potential exists to provide truck stops at the Subject Site, which the other two smaller centres do not provide, as well as parking for caravans and boat trailers
- The Subject Site has the potential to provide a wider offer of food choices than the existing centres.

These three key advantages make the Subject Site an appealing location for a highway service centre.

## 6.2 Bulahdelah township

Bulahdelah has a main street shopping centre along Stroud Street between the old highway (Bulahdelah Way) and Meade Street. Businesses include the Plough Inn Hotel which serves meals. It also has around 5 or 6 rooms but their availability is unknown. The IGA supermarket provides food and groceries mainly for local residents. Specialty retailers include a butcher, bakery, a clothing store, two take-away stores, three café/restaurants, newsagency, chemist, butcher and a hardware store. Retail services include 2 real estate agents, hair dresser and post office. Bulahdelah is a small centre with a total shop front space of 1,800sqm.

Of note, in particular, there are no national franchised fast food restaurants that are generally located in highway service centres such as McDonalds, Hungry Jacks, Sub-way and KFC to name a few. The closest competitor to is the Mobile service station on Bulahdelah Way which includes a fast food restaurant. The hotel and the three café/restaurants on the main street (Stroud Street) provide a different local business offering.

# ECONOMIC IMPACT ASSESSMENT

## 7.0 ECONOMIC IMPACT ASSESSMENT

The indicative development scenario of a highway service centre can be expected to generate a number of economic benefits for the locality and for the LGA as a whole, as described in this Chapter.

These benefits are likely to be in the form of the creation of new employment opportunities.

### 7.1 Development Investment

Total construction cost is estimated to be in the order of approximately \$6m excluding shop fitouts, any external works and soft costs such as consultants, developer contributions, application fees, finance and holding costs.

Project cost figures used in this analysis are an indicative estimate only, and have been adopted by the consultant based on broad information provided by the client. Detailed cost estimations would be required to confirm these high level preliminary estimates.

### 7.2 Construction Employment

Construction employment generation involves:

- Direct jobs, which are on-site
- Indirect (or flow-on) jobs, which are created elsewhere in the economy through the employment multiplier (eg, in design, finance, transport, etc) – this multiplier is derived from ABS Input Output tables 2012-13.

The capital outlay on the new building and construction work associated with the development of the highway service centre represents a significant project for the LGA economy which would generate direct and indirect construction-related employment.

#### Direct Jobs

For the purposes of this economic impact assessment, 1 FTE (Full Time Equivalent) construction job year is supported for every \$420,000 of building construction spending. This is based on Australian Bureau of Statistics (ABS) input-output tables and National Accounts data 2012-13.

Allowing for the estimated construction cost of \$6 million approximately 14 job years would be directly generated by construction.

#### Indirect Jobs

In addition to direct (or site-related) employment, the operation of the employment multiplier – which is derived from ABS Input/Output data – allows the calculation of indirect (or flow-on) jobs created elsewhere in the economy. From the ABS Input/Output tables, HillPDA has estimated the production induced and consumption induced multipliers in the construction industry to be 1.34 and 1.28 respectively.

Using these multipliers HillPDA has assessed total indirect job years generated by construction to be 24.

## 7.4 Operational Employment

### Direct jobs

The retail component of the highway service centre – comprising approximately 750sqm of retail floorspace – would generate employment for an estimated 60 workers on the basis of 1 job per 12.5sqm of retail floorspace<sup>2</sup>. This includes part-time and casual staff as well as full-time staff. Many of these jobs would be sourced from Bulahdelah and the surrounding rural area, noting the experience that most workers in the retail industry live locally.

Having regard for the regional labour force (ie 793 people of which 60 or 7.6% were unemployed, refer Table 2), the creation of approximately 60 direct jobs represents a significant employment opportunity for Bulahdelah.

### Indirect Jobs

The multiplier effect would lead to indirect (or flow-on) employment, associated with providing inputs into the day-to-day operation of the highway service centre (eg, food and beverage supplies, fuel supplies, contractors, maintenance, etc) and the expenditure of wages by permanent employees which support a range of businesses in the wider economy.

HillPDA estimates from the 2012-13 ABS Input/Output tables a multiplier of 1.8 applies to employment in “accommodation and food services” industry. That is, for every 10 direct jobs in the overall development a further 8 indirect or flow-on jobs are created.

When the employment multiplier effect is taken into account, the HSC would be likely to generate an additional 48 jobs elsewhere in the Australian economy.

The employment associated with both direct and indirect jobs generated through the operation of the highway service centre will provide new opportunities for those seeking employment in the overall hospitality industry and associated industries, including the wide range of supplier industries.

## 7.5 Contribution to Gross Regional Product

IBIS World estimates that each worker in fast foods produces directly around \$26,800 per annum in gross value added (contribution to wealth or Gross Regional Product (GRP)). Each worker in fuel retailing creates around \$86,800 per annum in wealth. GRP is the value of all final goods and services produced by all firms in the economy (as opposed to goods still in processing or production) less the costs of production. It includes salaries, company profits and taxes. Based on expected new jobs, approximately \$15.5m revenue and \$2.2 million industry value added would be generated on an annual basis (as measured in constant 2016 dollars).

## 7.6 Potential Impact on Bulahdelah

The negative impacts which have been felt by Bulahdelah’s current fuel retailers since 2013 have been primarily a direct result of the opening of the Bulahdelah Bypass. Where 15,000 vehicles per day formerly passed by the two outlets on Boolambayte Street prior to the construction of the Bypass, the average number of vehicles per day is now just 1,550 vehicles. While the total number of vehicles along the Pacific Highway is

<sup>2</sup> Employment density for restaurants and take-away food stores across Australia is 6.54 workers per 100sqm of floor area (15.3 sqm per worker) (ABS Retail Surveys 1991 and 1999). For the subject site the employment density was increased to 8 workers per 100sqm (12.5sqm per worker) to account for extended trading hours. Note that this remains conservative relative to a number of fast food national chains such as McDonalds which can employ as many as 80 staff in a 400 to 500sqm road side restaurant with 18 to 24 hour trading (around 18 workers per 100sqm or 5.6sqm per worker).

forecast to increase by 34% over the period 2016 to 2028, the sustainability of two non-highway based fuel retailers in Bulahdelah is questionable, irrespective of whether a highway service centre is developed on the Subject Site.

In this respect, negative impacts on these fuel retailers as a result of the Bypass can be viewed as a ‘sunk impact’ and the opportunity now exists to capture a share of the new market which has been created through the opening of the town bypass. Given this negative circumstance that has occurred, the outcome for a highway-based service centre, will have a positive economic outcome for Bulahdelah.

Particularly if these existing fuel retailers were to close, this would make Bulahdelah, as a location to stop at, even less attractive, with the absence of any fuel offering. This would result in people continuing to travel past Bulahdelah and to the next available stop which provides a greater cross-section of services.

Measuring the impact on main-street businesses (Stroud Street) is vexed. Whilst there may be some competition between the fast food restaurants on the HSC and main-street, the offer is quite different. The HSC will have national franchised fast food stores such as McDonalds, KFC, Sub-way, etc whereas the café restaurants and the hotel on Stroud Street are local run businesses offering alternative menus and in some cases with alcoholic beverages and/or BYO. The majority of competition to the proposed HSC will be from competing HSCs to the north and south along the Highway.

## 7.7 Shopper Survey in June 2017

To better inform the likely impacts KJA Engaging Solutions completed a survey of 132 shoppers (45% local residents and 55% visitors) in Stroud Street over 2 days (Sunday and Monday) in June 2017<sup>3</sup>. The survey results suggest the impacts are likely to be mixed. 78% believed the HSC would not have had an impact on their decision to stop on the main street, 4% were unsure and 18% said they would have stopped at the HSC instead. A majority of respondents stated that they prefer the country town and main street ambience, restaurants and retail services. This suggests the impacts on the main street would be low. There may even be some beneficial impact on Stroud Street businesses by travellers making spontaneous decisions to visit the main-street after exiting the highway at the service centre.

Interestingly visitors overwhelmingly stated that they would still visit the main street even though they were pessimistic about the impacts of the HSC on the main street. Residents were much more likely to indicate the HSC would have a positive impact on the town as it would provide more local jobs.

## 7.8 Shopper Survey in Easter 2018

To gain a better appreciation of possible impacts during the holiday period the intercept survey by KJA Engaging Solutions was repeated over 30 to 31 March 2018 being the Easter Weekend. A total of 131 surveys were completed. Of those surveyed 87% (114) indicated that they were visiting Bulahdelah. This was a much higher proportion of respondents than the June 2017 survey (54% visitors) due to a much higher level of tourism over the Easter weekend. 18% (20) of visitors were staying overnight in Bulahdelah.

The results of this second survey suggest similar findings to the initial visitor survey undertaken in July 2017, with 70.23% of respondents indicating that the proposed HSC would not have impacted their decision to visit the Bulahdelah township on the day of the survey, had it been operational already. Further, 52.67% of respondents indicated that they would be either ‘unlikely’ or ‘very unlikely’ to visit the proposed HSC instead of the Bulahdelah township more generally.

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<sup>3</sup> Bulahdelah Highway Service Centre Survey Report by KJA Engaging Solutions, July 2017

## 7.9 Impact on Existing Service Centres

To estimate the impact on existing service centres we used a type of gravity model which assumes that centres closer to the subject site will be impacted the most. The results are shown in the table below.

Table 10: Likely impact on the existing Service Centres

Facility Name	Address	Distance from Subject Site	Truck stop-over parking	Immediate Impact*	Shift in Trade 2016-28**
Coles Express, Bulahdelah	22 Booloombay St, Bulahdelah***	1.8km South	No	-13%	17%
BP Roadhouse, Bulahdelah	59 Booloombay St, Bulahdelah***	1.8km South	No	-13%	16%
Caltex Coolongolook	Cnr Midge St & Pacific Hwy, Coolongolook	28km North	Yes	-8%	24%
BP Coolongolook	Pacific Highway, Coolongolook	30km North	No	-7%	24%
Caltex Nabiac	Pacific Highway, Nabiac	45km North	No	-7%	25%
Caltex, Glenthorne	Old Bar Road, Glenthorne	66km North	Yes	-6%	27%
Caltex, Raymond Terrace	40 Richardson Rd, Raymond Terrace***	73km South	Possible	-5%	28%
Shell, Heatherbrae	290 Pacific Hwy	80km South	Yes	-5%	28%
BP Connect, Heatherbrae	2398 Pacific Hwy	77km South	Yes	-5%	27%
7-11, Heatherbrae	Pacific Hwy, Cnr Hank	79km South	No	-4%	29%
United Petroleum, Viney Creek	"The Rock"	33km South	Possible	-7%	24%

\* Immediate impact refers to the difference in trading levels with and without the proposed service centre on the Bulahdelah bypass

\*\* Refers to the shift in trade from 2016 to 2028 following the opening of the proposed service on the Bulahdelah bypass

\*\*\* Town rather than highway based service centres

The above table shows that the strongest impact will be on the Bulahdelah service stations. All other impacts will be below moderate level. Over time the impacts will diminish due to strong growth in demand over the next 12 years (34% growth in traffic) so all service stations will trade more than 10% above their current levels by 2028. The highway based centres will trade more than 20% above the current levels. On this basis it should be recognised that the proposed service centre is responding to growth over time.

In a worst case scenario one of the existing centres in Bulahdelah could close. Assigning a probability to that outcome is vexed. Importantly, it is not the proposed centre that would be the cause of any closure as much as the sunk impact of the bypass itself. Now that the bypass is sunk the opportunity exists for Bulahdelah to capture a share of highway expenditure that would otherwise bypass the town.

## 7.10 Proposed Service Centres

There are several proposed highway service stations along the Pacific Highway including two approved stations at Nabiac and Heatherbrae. According to Council there are two other proposed stations being considered or assessed including Coolongolook and Pacific Highway / Myall Way (turnoff to Tea Gardens). It is unknown if all these proposals will proceed over the next 10 years. Nabiac is already well serviced with two stations on the Highway and is only 23km from Glenthorne (South Taree). Coolongolook is also well serviced with 2 stations directly on the highway. Heatherbrae already has 3 or 4 stations but will also be bypassed as part of the highway upgrade.

There are numerous uncertainties with the proposed centres making it difficult to assess the impacts. Also assessing the cumulative impacts of two or more proposed stations on the existing ones is vexed. What we can quantify however is the number of additional stations required to keep up with demand. Given that there are 9 stations on the Highway between South Taree and Heatherbrae (excluding stations off the highway such as Bulahdelah) and given that traffic will increase 34% from 2016 to 2028 we can conclude that an additional 3 stations will be required to keep up with demand over that period. The subject site is well positioned to respond to some of that growth. Simply put a new service station will be required every four years. This is not to say that existing stations cannot meet future demand but that if supply is not increased to match growth in demand then this would be at a cost to consumers. It would result in more queueing at stations, longer delays, reduced convenience for consumers and reduced price competition.

## 7.11 Other Considerations

The development of the Subject Site would be expected to provide other benefits at the community level, including the following:

- Enhanced retail and service facilities for local residents and visitors
- Provision of greater employment self-sufficiency in the Bulahdelah region, and provision of important opportunities for young people to enter the local workforce through the important role of the hospitality sector as an employment ‘gateway’.

It is acknowledged that construction activities undertaken as part of any development has the potential to detrimentally affect the environment and community health if not managed well. Air emissions, noise, site contamination, stormwater, and waste would need to be managed at the Subject Site in accordance with relevant guidelines in order to prevent impacts on the natural environment and nearby land uses.

# CONCLUSION

## 8.0 CONCLUSION

The proposed highway service centre at 9844 Pacific Highway, Bulahdelah would be expected to contribute a number of economic benefits in the immediate Bulahdelah locality, and for the wider local government area. Economic impacts, both positive and negative, which are likely to be brought about by the development are summarised as follows:

1. Total capital investment associated with the proposed development is estimated to be in the order of \$6 million
2. Construction on site would provide 14 direct job years and 24 indirect (or flow-on) job years in the wider Australian economy
3. A further 60 jobs would be provided in retail operations
4. Total indirect or flow-on jobs in the wider economy (in supplies, transport, retail, etc) following the development of the Subject Site would amount to a further 48 jobs
5. Development will contribute \$2.2 million per annum to Gross Regional Product every year following full development
6. Any negative impacts which have been felt by Bulahdelah's fuel retailers and other businesses have been primarily a direct result of the opening of the Bulahdelah Bypass
7. These impacts will diminish over time as traffic along the Pacific Highway is forecast to increase by 34% over the period 2016 to 2028
8. Now that the bypass is sunk the opportunity exists for Bulahdelah to capture a share of highway expenditure that would otherwise bypass the town, moving on to other locations and other towns, as opposed to supporting the economic base of Bulahdelah.

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