



13095  
3 February 2014

Marian Pate  
Sutherland LEP Review  
NSW Department of Planning and Infrastructure  
PO Box 39  
SYDNEY NSW 2001

Dear Ms Pate

**SUTHERLAND LEP INDEPENDENT REVIEW  
32-40 CAWARRA ROAD, CARINGBAH**

Thank you for the opportunity to make a submission on the Sutherland LEP Independent Review. This submission is made on behalf of Costco Wholesale (Australia) Pty Ltd (**Costco**) in relation to part of 32-40 Cawarra Road, Caringbah (the **Site**). Costco does not own the Site but is in negotiations with the landowner, Leda Holdings, to develop it.

Costco made a submission on the original exhibited version of the draft *Sutherland Local Environmental Plan 2013 (Draft LEP)*. Costco subsequently provided additional justification at the request of Council officers. Both of these documents are attached.

Costco's submission requested that a Costco warehouse (categorised as a 'shop' in the Standard Instrument) be made permissible on the Site under Schedule 1 (Additional Permitted Uses) of the Draft LEP. The submission was detailed, well-reasoned and supported by a Concept Plan, a Preliminary Market Analysis and Traffic Analysis. Key points raised in the submission included:

- Demonstrated market demand for a Costco warehouse in the Sutherland Shire;
- Economic benefits for the Sutherland Shire, including significant employment opportunities;
- Consistency with the strategic planning framework and vision, including the Sutherland Employment Strategy;
- Consistency with Section 117 Directions;
- Consistency with the B7 Business Park objectives; and
- Suitability of the site for a Costco warehouse due to its size, location within an employment area and proximity to transport corridors and bulky goods retailers.

The Draft LEP was then amended, and development for the purpose of a 'shop' was made permissible with consent under the second exhibited version.

For the detailed reasons provided in Costco's submission, we submit that a Costco warehouse is a suitable use on the Site and that the amendment in the second exhibited version was appropriate.

It is requested that Costco's submission be considered by the panel in carrying out its review.

Should you have any queries about this matter, please do not hesitate to contact me on 9409-4967 or [ycarr@jbaplanning.com.au](mailto:ycarr@jbaplanning.com.au).

Yours faithfully



Yvette Carr  
*Principal Planner*

**Attached:**

- *Submission on the first exhibited version of the Draft LEP, dated 1 May 2013, prepared by JBA;*
- *Subsequent submission, dated 17 September 2013, prepared by JBA.*



13095  
17 September 2013

The General Manager  
Sutherland Shire Council  
Environmental Planning Unit  
Locked Bay 17  
SUTHERLAND, NSW 1499

Dear Sir or Madam,

**LP/03/79340, AMENDED DRAFT SUTHERLAND SHIRE LEP 2013  
32-40 CAWARRA ROAD, CARINGBAH**

Thank you for your letter dated 15 August 2013 requesting additional justification for the inclusion of `shop' as an additional permitted use on land at 32-40 Cawarra Road, Caringbah (the Site).

In May 2013 JBA, on behalf of Costco, made a submission to Sutherland Council providing justification for listing the Site in Schedule 1 of the draft *Sutherland Shire Local Environmental Plan 2013* (draft LEP) to permit `shops' on the Site. That submission is attached again to this letter (**Attachment A**) for your records and reference.

## 1.0 SECTION 117 DIRECTIONS

One issue that the submission did not address was compliance with the Section 117 directions issued by the Minister for Planning. These are therefore addressed below in **Table 1** below.

**Table 1** – Assessment against Section 117 Directions

Ministerial Directions	Consistent		N/A	Comment
	YES	NO		
1. Employment and Resources				
1.1 Business and Industrial Zones	✓			Refer to discussion at Section 2.0 of this letter.
1.2 Rural Zones			✓	Not applicable
1.3 Mining, Petroleum Production and Extractive Industries			✓	Not applicable
1.4 Oyster Aquaculture			✓	Not applicable
1.5 Rural Lands			✓	Not applicable
2. Environment and Heritage				
2.1 Environment Protection Zones			✓	Not applicable
2.2 Coastal Protection			✓	Not applicable
2.3 Heritage Conservation			✓	Not applicable
2.4 Recreation Vehicle Areas			✓	Not applicable
3. Housing, Infrastructure and Urban Development				

Ministerial Directions	Consistent		N/A	Comment
	YES	NO		
3.1 Residential Zones			✓	Not applicable
3.2 Caravan Parks and Manufactured Home Estates			✓	Not applicable
3.3 Home Occupations			✓	Not applicable
3.4 Integrating Land Use and Transport	✓			Refer to discussion at Section 3.0 of this letter.
3.5 Development Near Licensed Aerodromes			✓	Not applicable
3.6 Shooting Ranges			✓	Not applicable
<b>4. Hazard and Risk</b>				
4.1 Acid Sulphate Soils	✓			Draft Sutherland Shire LEP 2013 contains acid sulphate soils provisions and this Proposal does not seek to amend them. Acid sulphate soils investigations and analysis will accordingly be undertaken as part of any future development of the land in accordance with the requirements of Draft Sutherland Shire LEP 2013.
4.2 Mine Subsidence and Unstable Land			✓	Not applicable
4.3 Flood Prone Land			✓	Not applicable
4.4 Planning for Bushfire Protection			✓	Not applicable
<b>5. Regional Planning</b>				
5.1 Implementation of Regional Strategies			✓	Not applicable
5.2 Sydney Drinking Water Catchments	✓			Draft Sutherland Shire LEP 2013 contains provisions relating to the protection of the Sydney Drinking Water catchment and this Proposal does not seek to amend them. Issues relating to water quality will be dealt with accordingly as part of any future development of the land in accordance with the requirements of Draft Sutherland Shire LEP 2013.
5.3 Farmland of State and Regional Significance on the NSW Far North Coast			✓	Not applicable
5.4 Commercial and Retail Development along the Pacific Highway, North Coast			✓	Not applicable
5.8 Second Sydney Airport: Badgerys Creek			✓	Not applicable
<b>6. Local Plan Making</b>				
6.1 Approval and Referral Requirements	✓			No new concurrence provisions are proposed.
6.2 Reserving Land for Public Purposes	✓			No new road reservation is proposed.
6.3 Site Specific Provisions		✓		We would encourage that the proposal includes a new development standard for the additional permitted use which limits the total gross floor area of any shop use on the Site to a maximum of 16,000m <sup>2</sup> . This was adopted by the NSW Department of Planning for a similar planning proposal at Crossroads in Casula. See discussion further on.
<b>7. Metropolitan Planning</b>				
7.1 Implementation of the Metropolitan Plan for Sydney 2036	✓			Refer to Section 4.3 of the previous submission which addresses the draft Sydney Metropolitan Strategy for Sydney 2031.

## 2.0 DIRECTION 1.1 BUSINESS AND INDUSTRIAL ZONES

The proposal is consistent with direction 1.1 in that it seeks to retain the existing business zoning and broaden the range of employment generating uses permissible on the site. Costco offers a new and unique form of retailing within Australia. Because of the range of services provided the business is not easily defined within the Standard LEP template. Notwithstanding this the additional uses proposed are considered to be complimentary to the B7 zone permissible uses and also existing surrounding businesses. They are also considered to be consistent with the objectives of the B7 Business Park Zone.

The objectives of the business and industrial zones s117 direction are to:

- (a) Encourage employment growth in suitable locations,*
- (b) Protect employment land in business and industrial zones, and*
- (c) Support the viability of identified strategic centres.*

With regard to objective (a) we note that Costco stores operate from a purpose built warehouse and typically generate between 225 – 250 equivalent full time jobs. As these jobs will be located within the business zone and on a site which is highly accessible the employment growth will occur in a suitable location. Costco will also be located on land that has been specifically reserved for buildings that require large floor areas, further highlighting that the business and proposed additional use will be located in a suitable location.

With regard to objective (b) of the direction it is noted that the proposal will not reduce the amount of land zoned for business purposes within the Sutherland Shire. Its proposed location is also consistent with the character of land located within the surrounding B5 and IN1 and IN2 zones being large scale warehouse and bulky goods type uses.

The close proximity of the Costco store to the B5 zoned land on Taren Point Road is likely to have a positive impact on the existing bulky goods precinct in that zone as the store is likely to bring in a wider consumer base in the Sutherland Shire and beyond who might not otherwise visit the area. Finally it is noted that the wholesale function that Costco undertakes supports the viability of other businesses within identified strategic centres with sales to wholesale members accounting for some 30% of the sales volumes. The location of Costco on this Site is therefore consistent with objective (c) and is likely to support the viability of other identified strategic centres.

## 3.0 DIRECTION 3.4 INTEGRATING LAND USE AND TRANSPORT

*The objective of this direction is to ensure that urban structures, building forms, land use locations, development designs, subdivision and street layouts achieve the following planning objectives:*

- (a) improving access to housing, jobs and services by walking, cycling and public transport, and*
- (b) increasing the choice of available transport and reducing dependence on cars, and*
- (c) reducing travel demand including the number of trips generated by development and the distances travelled, especially by car, and*
- (d) supporting the efficient and viable operation of public transport services, and*
- (e) providing for the efficient movement of freight.*

Costco's business model is akin to the bulky goods retailing format and as such cannot be easily accommodated within a traditional retail centre. Following an extensive site selection exercise the subject site has been identified as one of the few sites available in southern Sydney which can accommodate the site specific requirements of a Costco warehouse. It is Costco's strategic model to locate their stores with major arterial road access to ensure accessibility for both stock deliveries and customers. The Site has excellent access to major traffic routes including Captain Cook Drive, Taren Point Road, The Kingsway and the Princes Highway thus ensuring the efficient movement of

stock to the store. It will also allow for a broader customer base to visit the store than would be expected for a traditional local shopping centre.

Sydney Bus Route 477 (Miranda and Dolls Point to Rockdale) runs directly past the Site thereby providing the opportunity for staff and customers to access the Site via public transport. However, due to the nature of products sold (being bulky) it is not practicable for customers to utilise public transport as in most cases customers need a vehicle to take their goods home. Bicycle parking will also be provided on the site and detailed in the development application. Again it is likely this would be utilised by staff working at the store as opposed to customers visiting the store.

In terms of reducing travel demand it is noted that the proposed shop is in close proximity to the Taren Point bulky goods precinct thereby providing the opportunity for a multi-purpose trip in accordance with the document '*Integrating Land Use and Transport – The Right Place for Business and Services*' prepared by DUAP.

The location chosen for the proposed Costco at Caringbah is consistent with other locations which have been selected (and approved) for Costco developments on the basis that they are clustering in significant bulky goods retailing precincts including the Costco store at 19-21 Parramatta Road Auburn and the Costco store at Casula (which is considered below in further detail).

#### **4.0 COSTCO AT CROSSROAD, CASULA**

We note that the Department of Planning and Infrastructure (DPI) has previously considered the above section 117 directions in the context of a proposed Costco development in the Crossroads, Casula business park. In that scenario the net community benefit of locating the Costco store within the B5 Business Development zone was recognised and the Planning Proposal to list the site in Schedule 1 of the LEP with additional permitted uses was supported by both Liverpool Council and the DPI. The reports outlining the Departments assessment of the Costco Crossroads Planning Proposal are provided at **Attachment B** for your information.

#### **5.0 CONCLUSION**

The proposed addition of the Site within Schedule 1 of the draft Sutherland Shire LEP 2013 is expected to generate many positive economic and social benefits. In particular the proposal will result in the generation of up to 250 equivalent full time jobs and is also likely to encourage a broader customer base to the Caringbah area, thereby increasing economic activity for a broad business base. The proposal will broaden the range of employment generating uses on the Site and will retain the business zoning of the land within the Sutherland Shire.

This submission has provided an additional assessment of the proposal against the Section 117 directions. Hopefully Council now has all the material it requires to undertake an assessment of the Planning Proposal, however should you have any queries about this matter, or require any further information, please do not hesitate to contact me on 9409 4946 or [aduggan@jbaplanning.com.au](mailto:aduggan@jbaplanning.com.au).

Yours faithfully



Andrew Duggan  
*Director*

# Submission

## Draft Sutherland Local Environmental Plan 2013



32-40 Cawarra Road, Caringbah

Amendment to Draft LEP to permit an additional use

Submitted to Sutherland Shire Council

On Behalf of Costco Wholesale (Australia) Pty Ltd

Volume 1 of 1

1 May 2013 ■ 13095

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JBA Urban Planning Consultants Pty Ltd operates under a Quality Management System. This report has been prepared and reviewed in accordance with that system. If the report is not signed below, it is a preliminary draft.

This report has been prepared by: Yvette Carr

Signature Date 1/5/13

This report has been reviewed by: Andrew Duggan

Signature Date 1/5/13

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*Group GSA*
- B** Preliminary Market Analysis  
*Essential Economics*
- C** Traffic Analysis  
*GTA*

## 1.0 Introduction

Costco thanks Council for the opportunity to make a submission on the draft *Sutherland Local Environmental Plan 2013 (Draft LEP)* which is on public exhibition until 1 May 2013. This submission has been prepared by JBA on behalf of Costco Wholesale (Australia) Pty Ltd (**Costco**) in regard to part of 32-40 Cawarra Road, Caringbah. Specifically, this submission relates to a portion of the land in the south-western corner of the site (approximately 25,935m<sup>2</sup>) (the **Site**). Costco is currently negotiating with the landowner, Leda Holdings.

An opportunity is apparent for a Costco warehouse to locate in the Sutherland Shire to meet the existing gap in the Costco warehouse network in southern Sydney. Costco has recently undergone a site selection exercise in the Sutherland Shire and has identified the subject Site as the most suitable for a Costco store.

This submission is made to Sutherland Shire Council in support of a request by Costco to amend the Draft LEP to permit a Costco warehouse on the Site. A Costco retail warehouse would be defined as a mix of 'retail premises' and 'business premises'. The Site is to be zoned B7 Business Park under the Draft LEP. While 'business premises' and some forms of 'retail premises' will be permitted with consent in that zone, 'shops' will be prohibited. Costco seeks an amendment to Schedule 1 of the Draft LEP (Additional Permitted Uses) to permit 'shops' on the Site.

This submission includes the following:

- Description of the subject Site and its context (see **Section 2.0**);
- Strategic and statutory planning framework for the Site (see **Section 3.0**);
- Costco's proposal (see **Section 4.0**); and
- Justification for the proposal (see **Section 5.0**).

This submission is supported by the following plans and reports:

- Preliminary Concept Plan prepared by Group GSA (see **Annexure A**);
- Preliminary Market Analysis prepared by Essential Economics (see **Annexure B**) and
- Traffic Analysis prepared by GTA (see **Annexure B**).

### 1.1 About Costco

Costco Wholesale (Australia) Pty Ltd is part of the Costco Companies Incorporated, which operates from some 611 locations worldwide, including the USA and Puerto Rico (442), Canada (82), Mexico (32), UK (22), Japan (13), Korea (9), Taiwan (8) and Australia (3).

Costco offers a new and unique form of retailing, previously not experienced within NSW or Australia until the opening of the Costco store in Melbourne on 17 August 2009.

An underlying principle supporting the Costco approach is membership (which costs \$60 per annum) that entitles the member to shop at any Costco store worldwide. Memberships can also be taken out by businesses and this is especially important for small businesses with trade supplies accounting for between 30-40% of sales volumes.

## Costco Warehouse

Costco typically operates from traditional purpose built retail warehouse buildings. These generally comprise large retail floor plates and 700+ on site car spaces. The Costco Warehouse model also generally comprises a number of ancillary uses/services within its premises. These comprise:

- Small cafe – this is referred to as a 'food court' within the Costco model, however it generally involves an indoor seating area and sells a small range of convenience fast food, i.e. pizza, hot dogs, salads and cold beverages for consumption on the premises.
- Tyre centre – this comprises a drive-in tyre fittings and balancing facility;
- Optometrists – this involves the provision of a reception kiosk and examination rooms;
- Photo processing; and
- Hearing aid service/ sales.

## Product Range

As the 2nd largest retailer in the USA, Costco offers brand name products and services for less cost because of its significant purchasing power, with savings passed on to members. Costco offers a unique shopping experience, with customers typically shopping for commodities every 10 days to 2 weeks and have a drive time of around up to 45 minutes. As such each store has a regional trade area. It is difficult to find a comparative retail concept that relies on such a wide regional catchment currently operating in NSW or across Australia.

Outlets are designed to help small to medium sized businesses reduce costs in purchasing for resale and for everyday use, as well as for individuals to purchase for their personal needs.

Lower costs are achieved through carrying a relatively limited number of products (between 4,000 and 4,500 stock keeping units, opposed to a traditional supermarket which carries between 20,000 and 30,000 stock keeping units). High turnover enables Costco to operate on lower than usual net margins, in the order of only 2%. These savings are passed onto the consumer which typically saves between 28-35% at the check-out compared to typical supermarkets. The range of products sold is wide ranging from groceries, appliances, televisions and media, automotive supplies, toys, hardware, sporting goods, jewellery, watches, cameras, books, housewares, apparel, health and beauty aids, furniture, office supplies and office equipment at prices consistently below traditional wholesale or retail outlets.

There are now three Costco outlets in Australia (Docklands, Victoria; Auburn, NSW; and Canberra, ACT). The Auburn store opened on 21 July 2011 and has been a great success to date, recording the highest opening day sales volume out of any Costco warehouse in the world. Liverpool City Council recently approved a new Costco warehouse at Crossroads, Casula, which has a scheduled opening date of November 2013.

**Figure 1** provides examples of typical product displays and floor layout at a Costco store.



**Figure 1** – Examples of typical product displays and floor layout

**Table 1** below is a replication of a publication entitled 'Retail Format Comparison' prepared by the Bulky Goods Retailers Association. We have reproduced it below to have added a further comparison with Costco's business model.

**Table 1** – Retail format comparison

	<b>Bulky goods showroom</b>	<b>Core retailing</b>	<b>Costco</b>
Location	<ul style="list-style-type: none"> <li>– Close proximity to activity centres generally on edge or outside of activity centres due to permissibility of bulky goods showrooms in lower priority land zonings</li> <li>– Generally located on major arterial roads due to exposure to passing traffic, accessibility for customers by car and public transport</li> </ul>	<ul style="list-style-type: none"> <li>– Centrally within principal activity centres due to restrictions on retail uses outside of highest priority land zonings</li> </ul>	<ul style="list-style-type: none"> <li>– Located on edge or outside of town/ city retail centres.</li> <li>– Located with major arterial road access, due to exposure, passing traffic and accessibility for customers.</li> </ul>
Merchandise	<ul style="list-style-type: none"> <li>– Generally large items in terms of size, shape and weight</li> </ul>	<ul style="list-style-type: none"> <li>– Generally small items in terms of size, shape and weight</li> </ul>	<ul style="list-style-type: none"> <li>– Mix of large and small items</li> <li>– Small items are generally sold in bulk</li> </ul>
Products	<ul style="list-style-type: none"> <li>– Generally 'homemaker' products including furniture, electrical, furnishings, bedding, building materials, household fixtures and fittings</li> </ul>	<ul style="list-style-type: none"> <li>– Generally 'everyday needs' products principally including food and clothing, general retail products and services</li> </ul>	<ul style="list-style-type: none"> <li>– 'Homemaker' products such furniture, appliances, televisions and media products, hardware and tools, automotive supplies, bedding and office equipment</li> <li>– Staple 'everyday needs' goods such as food and drink (generally bulk packaged) and health and beauty aids</li> <li>– Additional product lines such as camera's jewellery, books, sports goods.</li> </ul>
Display requirements	<ul style="list-style-type: none"> <li>– Large floor plates required for the storage, handling and display of bulky items</li> <li>– Typical tenancy area of 1,000 - 3,500 m<sup>2</sup> for major tenants and 300 – 500 m<sup>2</sup> for minor tenants</li> </ul>	<ul style="list-style-type: none"> <li>– Small floor plates for majority of tenants</li> <li>– Typical tenancy area of 80 – 120m<sup>2</sup> for the majority of tenants</li> <li>– Typical tenancy area of 3,500 – 5,000m<sup>2</sup> for major</li> </ul>	<ul style="list-style-type: none"> <li>– Large floor plate required</li> <li>– Typical retail GFA of between 13,500m<sup>2</sup> and 14,900m<sup>2</sup> in a 1 storey freestanding warehouse building</li> <li>– Typical ceiling height of 7m</li> </ul>

	<b>Bulky goods showroom</b>	<b>Core retailing</b>	<b>Costco</b>
	<ul style="list-style-type: none"> <li>– Typical ceiling height of 4.5 – 6.0 m for storage and display of products in industrial racking</li> </ul>	<ul style="list-style-type: none"> <li>– anchor tenants within shopping centres (include super markets and department stores)</li> <li>– Typical ceiling height of 3.0 – 3.6m for display of products in standard shop fittings</li> </ul>	<ul style="list-style-type: none"> <li>– in main sales floor</li> <li>– Display of products in tall steel racking and on pallets</li> </ul>
Customer visitation	<ul style="list-style-type: none"> <li>– Infrequent/ destination trip</li> <li>– Considered capital investment</li> <li>– Low volume of average customers per day</li> <li>– Generally short period of stay for sole purpose of acquiring goods</li> </ul>	<ul style="list-style-type: none"> <li>– Frequent/ impulse trip</li> <li>– Everyday needs</li> <li>– High volume of average customers per day on average 3 – 4 times the population density of bulky goods showrooms</li> <li>– Generally longer period of stay associated with lifestyle shopping, leisure, dining and entertainment facilities provided within shopping centres</li> </ul>	<ul style="list-style-type: none"> <li>– Business members will shop frequently</li> <li>– Individual members will generally shop once or twice per month for grocery items</li> <li>– Infrequent/ destination trips for larger 'homeware' items</li> <li>– As a membership retailer, impulse buying is less typical</li> </ul>
Trading patterns	<ul style="list-style-type: none"> <li>– Generally higher ticket value per average sale than core retailing</li> <li>– Low average turnover per m<sup>2</sup> of floor area</li> </ul>	<ul style="list-style-type: none"> <li>– Generally lower ticket value per average sale than bulky goods showroom</li> <li>– High average turnover per m<sup>2</sup> of floor area</li> </ul>	<ul style="list-style-type: none"> <li>– Higher ticket value per average sale</li> </ul>
Built form	<ul style="list-style-type: none"> <li>– Large floor plates</li> <li>– Non-active frontages due to large floor plates and course-grain subdivision pattern</li> <li>– Primarily outdoor environment for public circulation</li> </ul>	<ul style="list-style-type: none"> <li>– Small floor plates</li> <li>– Active frontages due to small floor plates and fine grain subdivision pattern</li> <li>– Primarily indoor environment for public circulation with the exception of traditional 'street' or 'strip' based retailing</li> </ul>	<ul style="list-style-type: none"> <li>– Large floor plates</li> <li>– Non-active frontages</li> </ul>
Loading & goods handling requirements	<ul style="list-style-type: none"> <li>– Deliveries to majority of tenants by semi-trailers and large trucks</li> <li>– Direct access to rear of tenancy for unloading of bulky goods and storage within tenancy</li> <li>– Direct access for collection of bulky goods after purchase by customers for loading into their vehicles</li> </ul>	<ul style="list-style-type: none"> <li>– Deliveries to major tenants only by semi-trailers and large trucks</li> <li>– Delivery to the majority of small tenants by small trucks and vans</li> <li>– Direct access for loading to major tenants only. Majority of small tenants transfer goods via service corridors or public mall</li> <li>– Primarily cash and carry</li> </ul>	<ul style="list-style-type: none"> <li>– Deliveries by semi-trailers and large trucks</li> <li>– Direct access for unloading</li> </ul>
Car parking	<ul style="list-style-type: none"> <li>– 2.5 - 3.0 car spaces per 100 m<sup>2</sup> of floor area</li> </ul>	<ul style="list-style-type: none"> <li>– 5.0 – 8.0 car spaces per 100 m<sup>2</sup> of floor area</li> </ul>	<ul style="list-style-type: none"> <li>– 5.4 car spaces per 100m<sup>2</sup> retail GFA</li> </ul>
Rent	<ul style="list-style-type: none"> <li>– Low- Medium rent per annum</li> </ul>	<ul style="list-style-type: none"> <li>– High rent per annum</li> </ul>	<ul style="list-style-type: none"> <li>– Low - Medium rent per annum</li> </ul>
Outgoings	<ul style="list-style-type: none"> <li>– Low outgoing</li> </ul>	<ul style="list-style-type: none"> <li>– High outgoing</li> </ul>	<ul style="list-style-type: none"> <li>– Low outgoing</li> </ul>

Source: Retail Format Comparison, Bulky Goods Retailers & Association  
[www.bulkygoodsretailers.com.au](http://www.bulkygoodsretailers.com.au) (amended by JBA)

## 2.0 Site Context

### 2.1 Location & Site Description

The land which Costco proposes to redevelop (the **Site**) is located on the south-western corner of 32-40 Cawarra Road and is bounded by Cawarra Road to the west and Meta Street to the south (see **Figure 2 and 3**). It has an area of approximately 25,935m<sup>2</sup> but this is to be finalised. The Site forms a small part of 32-40 Cawarra Road, Caringbah, a 109,441m<sup>2</sup> site that was previously the location of a large pharmaceutical manufacturing facility operated by McNeil Manufacturing, a subsidiary of Johnson & Johnson.

Pursuant to a development consent that was granted in December 2012 (DA 12/0419), demolition works are currently underway on the Site. Existing trees along the street boundaries have been retained (see **Figures 4 and 5**).

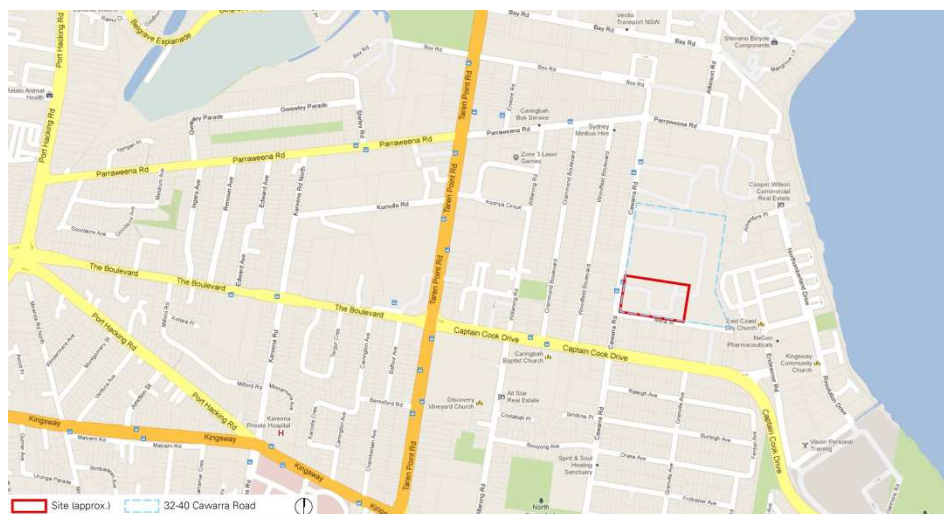


Figure 2 – Location map



Figure 3 – Aerial map



Figure 4 – The Site (Cawarra Road frontage)



Figure 5 – The Site (viewed from existing vehicular entrance on Cawarra Road)

## 2.2 Surrounding Development

The Site is located in an area known as the Taren Point Employment Area, comprised of industrial, bulky goods and other employment uses north and east of Captain Cook Drive and Taren Point Road. As described in Clause 13.a of the *Sutherland Shire Development Control Plan 2006*:

*“The area projects a traditional industrial face, but it has been subject to a number of changes in the last 10 years. These changes have included the growth of bulky goods retailing, the increasing supply of small factory and warehouse units and the gradual decline of large heavy industry. Taren Point also has a number of environmental constraints including acid sulphate soils, flooding and stormwater management issues that reflect its low lying nature and proximity to the sensitive environments of Woollooware Bay.”*

Development surrounding the subject Site includes the following:

- **North:** Directly to the north is the remainder of 32-40 Cawarra Road on which demolition works are being undertaken. To the north of that is Pipe King, a manufacturer of PVC pipes and fittings;
- **East:** Directly to the east is the eastern extremity of 32-40 Cawarra Road on which demolition works are being undertaken. To the east of that are two-storey office/industrial parks along Northumberland Drive;
- **South:** On the opposite side of Meta Street is a two-storey building used for sheet metal manufacturing. Further along Meta Street are a mix of light industrial/warehouse uses.
- **West:** On the opposite side of Cawarra Road is a mix of uses including retail (boat sales), boat repairs, warehousing and offices. Built form is predominantly two storeys.

See Figures 6, 7 and 8.



Figure 6 – Development to the north (Pipe King)



Figure 7 – Development to the south (42 Cawarra Road – sheet metal manufacturer)

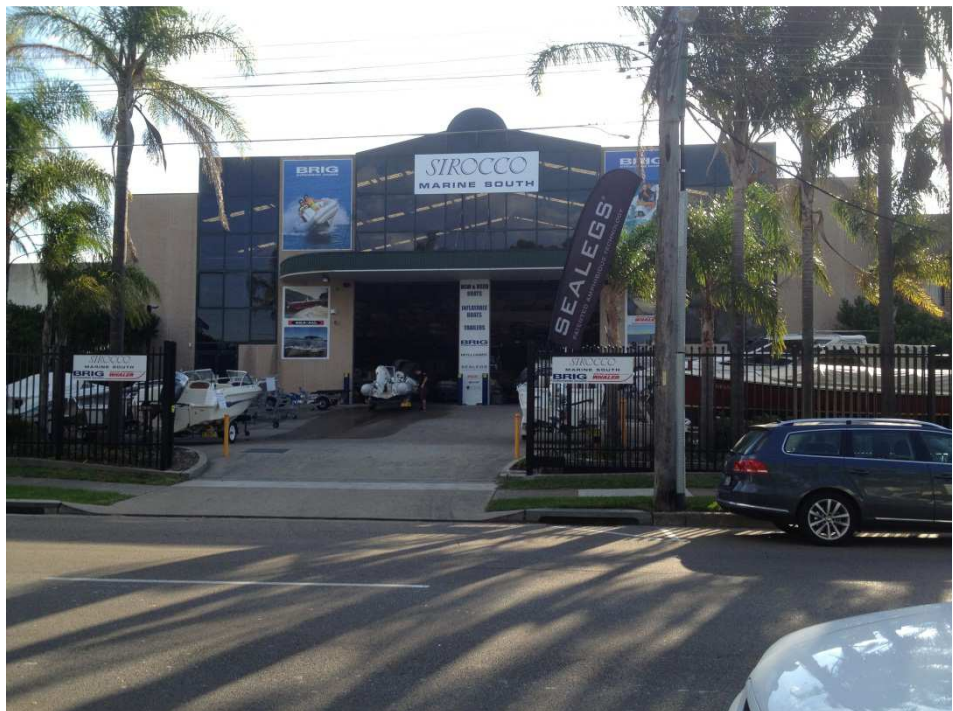


Figure 8 – Development to the west (79-81 Cawarra Road – Sirocco Marine South)

## 2.3 Planning History

On 5 December 2012, Sutherland Shire Council granted consent to a Development Application (DA 12/0419) for the Torrens title subdivision of the five (5) lots comprising 32-40 Cawarra Road into 42 lots, demolition of all existing structures except the office building on the north-western corner and construction of an internal access road through the site.

Costco is currently negotiating with Leda Holdings, the owner of the land, in regard to the lease/purchase of the subject Site (being the south-western part of 32-40 Cawarra Road the subject of this submission). The Site comprises a number of the approved allotments. Therefore, the approved subdivision layout will need to be modified to accommodate a Costco development.

On 8 April 2013, Council resolved to publicly exhibit proposed amendments to the *Sutherland Shire Development Control Plan 2006* as it applies to 32-40 Cawarra Road. The proposed amendments are a response to the subdivision approval which necessitated an amendment to the setback and landscaping controls in the SSDCP 2006. Further details about the proposed amendments are provided in Section 4.3.

## 3.0 Costco's Proposal

### 3.1 Description of the Proposal

This submission seeks to make a Costco retail warehouse permissible with consent on the corner of Cawarra Road and Meta Street, Caringbah.

The Costco business model is that of a 'retail warehouse' which is not recognised as an individual form of development under the Standard Instrument LEP definitions. A Costco retail warehouse would be defined as a mix of 'retail premises' and 'business premises'. 'Business premises' and some forms of 'retail premises' are permitted on the Costco Site, however 'shops' are prohibited. Accordingly, 'shops' need to be made permissible on the Site to facilitate a Costco warehouse.

A conceptual plan has been prepared and accompanies this submission at **Appendix A**. The concept proposal incorporates the following:

- A site area of approximately 25,935m<sup>2</sup> (subject to confirmation);
- A single-storey, freestanding warehouse building situated above an at-grade undercroft parking level;
- A main wholesale/retail floor, with other uses including:
  - a small café;
  - tyre centre;
  - optometrist;
  - photo processing service; and
  - hearing aid service/sales;
- One level of basement parking;
- Approximately 705 car parking spaces across an undercroft parking level, basement parking level and some at-grade spaces;
- An overall height of approximately 14m (to be confirmed);
- Total GFA of approximately 15,800m<sup>2</sup>;
- Vehicle access to the Site is to be provided from an internal estate road off Cawarra Road.

The preliminary scheme is loosely based on the approved Costco development in Ringwood, Victoria which is currently under construction.

At the time of preparing this submission, the precise site area and GFA has not been finalised because Costco is still in commercial negotiations with the landowner. Once confirmed, this information will be provided to Council to facilitate the proposed LEP amendment.

It is acknowledged that the approved subdivision layout will need to be amended to facilitate a Costco development. An application would be submitted following amendment of the Draft LEP.

## 3.2 Proposed LEP Amendment

A Costco warehouse typically involves the following uses (see **Table 2**):

**Table 2** – Summary of Costco uses and Standard Instrument LEP definition

Costco land use	Draft LEP land use definition	Permitted in B7 Business Park Zone?
Retail	'Shop'	No
Café	'Restaurant or cafes'	Yes
Tyre centre	'Vehicle repair station'	Yes
Optometrist	'Business premises'	Yes
Photo processing	'Business premises'	Yes
Hearing aid service/sales	'Business premises'	Yes

While many aspects of a Costco warehouse will be permissible, the main use, being defined as a 'shop' under the Draft LEP, will be prohibited.

Therefore, Costco seeks an amendment to Schedule 1 of the Draft LEP to make a 'shop' permissible on the Site. The proposed amendment inserts the following in Schedule 1:

***5A Use of certain land at Cawarra Road, Caringbah***

- (1) This clause applies to the land at Caringbah as shown edged heavy red and identified as Area 5A on the Additional Permitted Uses Map.*
- (2) Development for the purpose of shops is permitted with consent if the total gross floor area of that development is not greater than 16,000m<sup>2</sup> (excluding any gross floor area occupied by parking).*

## 4.0 Justification

### 4.1 Market Demand

Costco is looking to expand its store network in Australia over coming years, with an active site identification and store development process underway. There is one Costco outlet in Sydney in Auburn which opened on 21 July 2011 and Liverpool City Council recently approved a new Costco warehouse at Casula which has a scheduled opening date of November 2013. Costco is currently seeking a store to serve the North West Growth Centre between Blacktown and Windsor. Therefore, an opportunity exists for a new Costco warehouse to locate in the Sutherland Shire to meet the existing gap in the Costco network in southern Sydney.

The subject Site is one of the few sites available in southern Sydney to accommodate the site specific requirements of a Costco warehouse. The Site has been identified as a result of an extensive site selection exercise by Costco. If Costco's proposal is not accepted by Council, Costco will need to look for a site elsewhere in southern Sydney.

Essential Economics has identified a main trade area (MTA) for a Costco warehouse on the Site. Owing to the characteristics of a Costco store compared to a traditional supermarket, the MTA covers a wide geographic area, generally reflecting a 30 minute travel time. The MTA reflects the current gap in the provision of Costco warehouse outlets in southern Sydney, and also reflects the ability of a Costco at Caringbah to attract sales from residents and businesses located well outside Sutherland Shire.

### 4.2 Site Context

The Site is considered suitable for a Costco warehouse for the following reasons:

- The Site is located in an employment area comprised of industrial, bulky goods and other employment uses with large floor plates. Costco is an employment generating use within a large floor plate format, consistent with surrounding land uses.
- The Site is located in close proximity to the Taren Point bulky goods precinct to the west. Although a Costco use falls within the definition of a 'shop' under the Draft LEP, the Department of Planning and Infrastructure encourages Costco to locate near existing bulky goods precincts due to the many similarities between the two uses. For example, bulky goods precincts cater for large floor plate premises, have a regional customer base and are well connected within regional road networks. The Costco business model shares these characteristics with bulky goods premises. Other similarities are highlighted in **Table 1** in this report.
- The Costco proposal is expected to have a positive impact on the existing bulky goods precinct and the store would bring in a wider community in the Sutherland Shire and beyond who might not otherwise visit the area, including the wider regional catchment.
- The Site is also considered appropriately located in terms of access to transport corridors given the close proximity to a number of major traffic routes including Captain Cook Drive, Taren Point Road, The Kingsway and the Princes Highway. This access to existing transport corridors enables customers to travel to the Site from distances greater than would be expected for traditional local shopping centre purposes.
- While the proposal is in the early stages and is conceptual only, it is expected that it would be in keeping with surrounding built form, which includes the pipe

manufacturer to the north and high clearance light industrial and warehouse buildings to the south and west. The Site can be appropriately landscaped to maintain the existing landscape character of the Site.

## 4.3 Strategic and Statutory Planning Framework

### 4.3.1 State and Regional Strategic Framework

Strategic planning in the State of NSW and in the South subregion is currently in a state of flux. The only adopted State-wide strategic plan is the Metropolitan Plan for Sydney to 2036 which was released in December 2010. However, in March 2013 the NSW Government released for public comment a Draft Metropolitan Strategy for Sydney to 2031 which is intended to replace the current Metropolitan Plan. Accordingly, this section looks at the Draft Metropolitan Strategy and does not consider the Metropolitan Plan.

#### NSW State Plan

The NSW State Plan 2010 aims to achieve improved urban environments and ensure sustainable development through reductions in greenhouse gas emissions and development in close proximity to existing centres, services and transport.

The proposal is consistent with the NSW State Plan 2010, including:

- *Increased business investment and support jobs:* The proposal provides a relatively new type of business within the Sydney metropolitan area. The proposal will provide an additional \$50 million investment into the region that will assist in providing additional employment to the locality;
- *Increase the number of jobs closer to home:* The proposal will provide 225-250 equivalent full time (EFT) jobs;
- *Protect our native vegetation, biodiversity, land, rivers and coastal waterways:* Subject to detailed design development and consideration of detailed flooding information, the proposal will provide measures to protect and enhance the existing environment both on the Site and the surrounding area.

#### Draft Metropolitan Strategy for Sydney to 2031

In March 2013, the NSW Government released the Draft Metropolitan Strategy for Sydney to 2031 for public comment. The Draft Metropolitan Strategy highlights new areas of growth since the previous Plan was released in 2010 and contains new employment and housing targets for 2021 and 2031 compared to the previous targets in the Draft Subregional Strategies.

The Site is located in the South Subregion. The Draft Metropolitan Strategy contains an employment target for the South subregion in 2031 of 226,000 jobs, which represents an increase in 43,000 jobs (23%) compared to existing 2011 levels.

The employment target across Sydney has increased by 293,200 jobs compared to the previous Draft Subregional Strategies. The South subregion target has increased by the greatest percentage, with 24,000 additional jobs – a 126% increase.

The 'metropolitan priorities' identified for the South subregion are:

- Enhance the subregion's role in housing and jobs delivery through urban renewal around Major Centres and accessible local centres, while maintaining the values of Sydney's fringing bushland, coast and waterways;

- Facilitate re-development for more intense housing in appropriate existing areas, particularly in and around centres on the Strategic Transit Network which includes the Illawarra and Airport and East Hills Lines;
- Strengthen connections to the Illawarra, including expanding capacity on the M5, investigating the F6 corridor and improving rail capacity on the Illawarra Line;
- Emphasise cross-regional transit links from Hurstville to Bankstown and Parramatta; and
- Protect the health and resilience of environmental assets, including internationally significant wetlands, national parks and the drinking water supply catchment.

These metropolitan priorities are high level and, with the exception of the first and last priorities, do not directly govern the development of the subject Site. The Costco proposal is consistent with the first priority as it will generate a substantial number of jobs, and is consistent with the last priority as it will be designed to appropriately manage environmental impacts.

### Draft South Subregional Strategy

The Draft South Subregional Strategy translates objectives of the NSW Government's repealed Metropolitan Strategy to the local level. The Draft South Subregional Strategy was exhibited between 14 December 2007 to 28 March 2008. With the release of a new Draft Metropolitan Strategy in March 2013, the Draft Subregional Strategies will need to be updated and it is expected that new Subregional Delivery Plans will be released in 2014. Accordingly, the Draft South Subregional Strategy is somewhat out of date. However, there is no other subregional strategy currently in existence for the Sutherland Shire.

The Draft Subregional Strategy has an employment capacity target of 8,000 new jobs for the period between 2001 and 2031 for the Sutherland Shire. The Draft Subregional Strategy stipulates that centres with good transport links are the preferred location for new jobs. However, as identified in the Sutherland Employment Strategy (2013), the inability of existing centres to deliver sufficient job growth means that the planning framework must look beyond the centres to its employment lands and other out-of-centre locations to provide the majority of future jobs in line with projected demand.

The Draft South Subregional Strategy identifies Caringbah, Miranda and Taren Point as strategic employment lands. In terms of desired future uses, the Draft Strategy identifies Johnson & Johnson on the subject site as a key industry in the area. It also states that existing industrial land in Caringbah should be retained. However, since this was written the Johnson & Johnson use has ceased on the Site and development consent has been granted for the subdivision of the land and Council is proposing higher order non-industrial uses on the Site as part of the Draft LEP. There is clearly a need to update the strategic vision for the Site.

## 4.3.2 Local Strategic Framework

### Sutherland Employment Strategy (2013)

The Sutherland Employment Strategy was released in January 2013 and underpins the proposed zoning of industrial and commercial lands in the Draft LEP. There are 8 objectives that underlie the Employment Strategy. Costco's proposal is measured against each of those objectives in **Table 3**.

**Table 3 – Assessment of proposal against Sutherland Employment Strategy**

	<b>Objectives of the Employment Strategy</b>	<b>Assessment of Costco's proposal against the objectives</b>
1)	<b>To plan for sufficient zoned land to achieve State employment targets:</b> The Employment Strategy acknowledges that the planning framework must look beyond existing centres to its employment lands and other out-of-centre locations to provide the majority of future jobs in line with projected demand.	<b>Consistent</b> Costco is a major employer. It is expected that a Costco warehouse on the Site could generate in the order of 225-250 EFT jobs, which would contribute significantly to out-of-centre employment within the Shire.
2)	<b>To protect strategic employment lands for the future:</b> A significant portion of Sutherland's employment lands is located in Taren Point and Caringbah. These lands support a wide range and size of industrial, manufacturing and logistical or warehouse operations. They also support non-industrial uses such as bulky goods retailing and other businesses considered inappropriate in other zones. The relocation of industrial uses to cheaper and better-connected sites in western Sydney has resulted in key industrial sites in the Sutherland Shire lying vacant or underutilised. The planning framework therefore needs to be flexible to support greater employment-generating potential of some of these sites for non-industrial uses.	<b>Consistent</b> The Site is located in an area that is undergoing a transition. The use of the Site as a medical manufacturing facility recently ceased and the Site and surrounding areas are no longer primarily recognised or required for industrial uses. The permissibility of a Costco warehouse on the Site would be consistent with the objective to introduce greater flexibility in the planning framework to cater for a variety of non-industrial, employment generating land uses. Further, Costco is not a sensitive land use. Unlike office premises, Costco can easily co-locate with other employment generating land uses that may generate adverse amenity impacts, such as warehousing and manufacturing.
3)	<b>To improve employment self-containment:</b> This refers to the ability of the local population to find employment within the local government area. Currently, Sutherland Shire's resident workforce far outnumbers local employment opportunities, particularly among white collar workers.	<b>Consistent</b> Costco is a substantial employment generator which could contribute significantly to Sutherland Shire's local employment generation. A typical Costco warehouse would employ in the order of 225-250 EFT jobs. A feature of the Costco operation is the organisation's employment policy, and important aspects are as follows: <ul style="list-style-type: none"> <li>– At a time when some major retail operations are paying minimum wages to their staff, Costco's policy is to provide above-award rates to its employees.</li> <li>– A guaranteed 25-hour working week is provided.</li> <li>– Promotion is from within the company.</li> <li>– Because of the above, Costco has a high staff retention rate.</li> <li>– A range of positions is offered, from retail/sales positions to more skilled roles including optometrists, butchers, bakers and tyre fitters.</li> </ul> Furthermore, Costco can enhance local businesses. Costco provides local manufacturers an opportunity to sell their products to Costco, which in turn exposes those local businesses to a wider distribution across the Costco network. Also, Costco's wholesale function provides a wholesale outlet for local retailers and service providers.
4)	<b>To address the growth in demand for bulky goods retailing:</b> The Strategy aims to address the oversupply of retail jobs in the Sutherland Shire by prohibiting bulky goods retailing in various locations.	<b>Consistent</b> This particular objective relates mainly to the bulky goods precinct in Taren Point. However, it is important to note the Costco provides a range of job opportunities, including retail/sales positions to more skilled roles including optometrists, butchers, bakers and tyre fitters. Costco can be distinguished from bulky goods retailing in this respect.
5)	<b>To support existing magnet infrastructure</b>	<b>N/A</b>

	Objectives of the Employment Strategy	Assessment of Costco's proposal against the objectives
		This relates to the expansion of 'magnet infrastructure' such as universities and research institutes. The Costco proposal is not antipathetic to this objective.
6)	To investigate the formation of a combined higher learning precinct utilising the specialties of ANSTO	<b>N/A</b> This relates to the expansion of the ANSTO facility in Lucas Heights. The Costco proposal is not antipathetic to this objective.
7)	To resolve the competing roles of Sutherland Shire's major centres	<b>Consistent</b> This relates to the Sutherland, Miranda and Caringbah town centres. The Site is not located in the Caringbah town centre and will not affect the hierarchy of centres in the Sutherland Shire. It is unlikely to overtake the role of the traditional shopping centre within established centres, such as Westfield Miranda. It is noted that: <ul style="list-style-type: none"> <li>– Due to the size of a Costco warehouse, it cannot easily locate in traditional retail centres;</li> <li>– Costco is a membership-based business that caters for customers travelling to the premises from a wide range of areas;</li> <li>– Customers are likely to visit other retail stores within existing centres for items that Costco does not stock. Costco has a relatively limited stock range of approximately 4,000 to 4,500 items, compared to a supermarket that carries approximately 20,000 items or a department store that provides approximately 40-50,000 items. The proposal is unlikely to overtake the role of the traditional shopping centre within established centres, particularly noting the membership structure and relatively limited stock range offered by Costco stores.</li> </ul>
8)	To support the growth of home based businesses	<b>N/A</b> The Costco proposal is not antipathetic to this objective.

### 4.3.3 Local Statutory Framework

#### Sutherland Draft Local Environmental Plan 2013

The Draft LEP proposes the following controls for the Costco Site (see **Table 4**).

**Table 4** – Summary of Draft LEP controls for the Costco Site

Clause	Control	Costco Proposal
<b>Zoning</b>		
Zoning	<p>B7 Business Park. The objectives of the zone are:</p> <ul style="list-style-type: none"> <li>– To provide a range of office and light industrial uses.</li> <li>– To encourage employment opportunities.</li> <li>– To enable other land uses that provide facilities or services to meet the day to day needs of workers in the area.</li> <li>– To prevent the fragmentation of large sites and to realise their economic strategic advantage.</li> <li>– To provide opportunities for the erection of buildings requiring large floor areas and to discourage small scale uses unless they are of an ancillary or service nature.</li> </ul>	Costco's proposal is not antipathetic to the first objective and is consistent with the remaining objectives for the various reasons explained in this Section 4.0 of the report.

Clause	Control	Costco Proposal
	<ul style="list-style-type: none"> <li>– To enhance the visual appearance of the employment area by ensuring new development achieves a high architectural and landscape standard.</li> <li>– To minimise the impact of development within the zone on areas of environmental or heritage significance.</li> </ul>	
<b>Development Standards</b>		
Min. lot size	1 hectare	Complies.
Max. height	16 metres	Capable of compliance (To be addressed at DA stage).
Max. FSR	1.5:1	Capable of compliance (To be addressed at DA stage).
Min. landscaped area	10% of site area	Capable of compliance (To be addressed at DA stage).
<b>Matters for Consideration</b>		
Heritage	No heritage items on the site	N/A
Environmentally sensitive land	Not identified as Environmentally Sensitive Land	N/A
Flood planning	Not located in Flood Planning Area	N/A
Acid sulfate soils	Classes 2, 3 and 5	To be addressed at DA stage.

## Sutherland Development Control Plan 2006

The Sutherland DCP 2006 establishes more detailed planning controls for development in the Sutherland Shire. On 8 April 2013, Council resolved to publicly exhibit proposed amendments to the DCP setback controls that apply to 32-40 Cawarra Road following the recent granting of development consent for the subdivision of that site (DA 12/0419).

The Costco proposal (while conceptual at this stage) is capable of complying with the Draft DCP controls (see **Table 5**). The applicable DCP controls will be examined in further detail at the DA stage.

**Table 5** – Summary of current and draft DCP controls for the Costco Site

Clause	Current DCP	Draft DCP Amendment	Costco Proposal
Setback from Cawarra Road	9m (cl 2.b.6)	8m (cl 2.b.14)	Complies 9.055m to 16.22m
Setback from Meta Street	9m (cl 2.b.6)	5m (cl 2.b.14)	Complies (Draft DCP) 7.865m
Rear setback	Nil (cl 3.b.15)	3m (cl 2.b.14)	Complies Well exceeds 6m

In addition to the above, the DCP requires the existing trees along the Cawarra Road and Meta Street frontages to be retained and for the setbacks to be landscaped. As illustrated in the preliminary plans, these requirements can be complied with.

## 4.4 Strategic Vision

Council's previous strategic vision for 32-40 Cawarra Road was for 32-40 Cawarra Road to be developed for the purpose of "large floor plate offices" (see page 8 of the Employment Strategy (January 2013)). This strategic vision was a response to the *"changing nature of manufacturing, industry and business*

services” and to “optimise the future employment-generating potential of its industrial areas”. The Draft LEP zoning of B7 Business Park reflects this strategic vision.

On 5 December 2012, Sutherland Shire Council granted consent to DA 12/0419 to subdivide 32-40 Cawarra Road into 42 lots. This means that the strategy for the site needs to be reviewed. This changing circumstance was recognised in a report to Council dated 8 April 2013 in respect of the proposed amendments to Sutherland DCP 2006 setback controls. The report states:

*“The site was the location of a large pharmaceutical manufacturing facility. ... As the site was very large (109,441 sqm) and under single ownership, the strategic intention for the site has been to encourage the development of the site as a business park. ...*

*Because of the approved subdivision, **the strategy for the site has been reviewed.** While it is still possible to retain some aspects of the park like setting and established trees to create a unique precinct, **there are expected to be a range of different types of developments on the various new lots** which now make up the original site. **A mix of traditional light industrial/warehouse and commercial uses can now be expected.**” (our emphasis)*

Council officers evidently recognise the need to be flexible in regard to the types of employment generating uses that should be introduced onto the Site.

Having regard to the above, the Costco proposal is considered to be consistent with the Council officers’ evolving vision for the Site, for the following reasons:

- The strategic work undertaken by Council demonstrates that the Site and surrounding precinct are no longer primarily recognised or required as an industrial area. The area has been undergoing a transition over the last 10 years including the growth of bulky goods retailing, increasing supply of small factory and warehouse units and the gradual decline of large heavy industry. The introduction of a Costco use into the area is consistent with its evolving nature.
- The proposal will broaden the range of employment generating uses in the area and has the potential to create 225-250 EFT jobs.
- The proposal will affect only a small portion of 32-40 Cawarra Road. The Costco Site is only approximately 25% of the total land area of 32-40 Cawarra Road. Therefore there is still potential for the remaining land (to be developed for office purposes.
- No zoning change is proposed. The proposal does not reduce the availability of B7 Zone land in the locality.

## 4.5 Economic Impact

A Preliminary Market Analysis has been prepared by Essential Economics (see **Appendix B**) which provides a high-level assessment of potential employment and economic outcomes. The analysis concludes:

- A Costco Warehouse at Caringbah would provide a new retail format to southern Sydney that improves consumer choice and provides customers, including local businesses, with a wide range of products at highly competitive prices.
- Total on-site employment for a Costco Caringbah is estimated at 330 jobs (225-250 EFT jobs), of itself an increase in employment relative to the Johnson & Johnson facility when it closed. The employment density achieved by a

Costco store is often higher than that typically achieved by warehousing, light industrial and other employment uses, including homemaker and bulky goods retailing. Additional employment equivalent to 325 direct and indirect jobs would also be generated during the construction phase of the project.

- Costco Caringbah would represent a total investment of approximately \$50 million and would potentially attract additional investment from firms seeking to locate in proximity to a regional attractor generating 700,000 shopping visits per annum. This includes the expectation of attracting investment to the business park on the balance of the former Johnson & Johnson site.
- The forecast sales levels show that the proposed Costco Caringbah would achieve very low market shares, with the total sales derived from the main trade area (\$85.3m in 2016) resulting in a market share of just 1.0% overall. This demonstrates that a Costco warehouse on the Site would be unlikely to affect existing retail hierarchies in the Sutherland Shire.

## 4.6 Roads, Traffic and Access

A Transport Impact Statement has been prepared by GTA Consultants (see **Appendix C**). The report concludes that:

- It is estimated that the proposed Costco warehouse could generate 330 and 630 vehicle movements (two-way) during the Thursday PM and Saturday midday peak hours respectively.
- Under the proposed Draft LEP, a number of uses are permitted which could generate higher traffic than the Site's historic use.
- The directional distribution of traffic generated by a Costco warehouse will be influenced by a number of factors (see Section 7.1 of the GTA report). There are likely to be between 2 and 4 additional vehicles turning right at Captain Cook Drive onto Taren Point Road per minute. By comparison, should an office be constructed which could generate in the order of 316 vehicles during the Thursday PM peak hour, a Costco warehouse could be expected to generate on average an additional 1 vehicle every 2 minutes compared to that use.
- Further more detailed investigation will be required at the intersection of Taren Point Road / Captain Cook Drive to determine whether any upgrades would be required to support the development.
- All car parking and loading activities would be provided on-site and no reliance on on-street spaces would be required.
- Subject to the future analysis and implementation of suitable road network improvements, the Site is considered appropriate for a Costco warehouse from a traffic and transport perspective.

## 5.0 Conclusion

Costco thanks Council for the opportunity to make a submission on the Draft LEP. This submission is made to Sutherland Shire Council in support of a request by Costco to amend the Draft LEP to permit a Costco warehouse on the south-western corner of 32-40 Cawarra Road, Caringbah (approximately 25,935m<sup>2</sup>). Costco is currently negotiating with the landowner, Leda Holdings, therefore the precise site area is yet to be determined and will be communicated to Council in due course.

A Costco retail warehouse would be defined as a mix of 'retail premises' and 'business premises'. The Site is to be zoned B7 Business Park under the Draft LEP. While 'business premises' and some forms of 'retail premises' will be permitted with consent in that zone, 'shops' will be prohibited. Costco seeks an amendment to Schedule 1 of the Draft LEP (Additional Permitted Uses) to permit a 'shop' on the Site with a gross floor area up to 16,000m<sup>2</sup> (excluding any parking spaces which would contribute towards gross floor area calculations).

We submit that Costco's proposal should be supported for the following reasons:

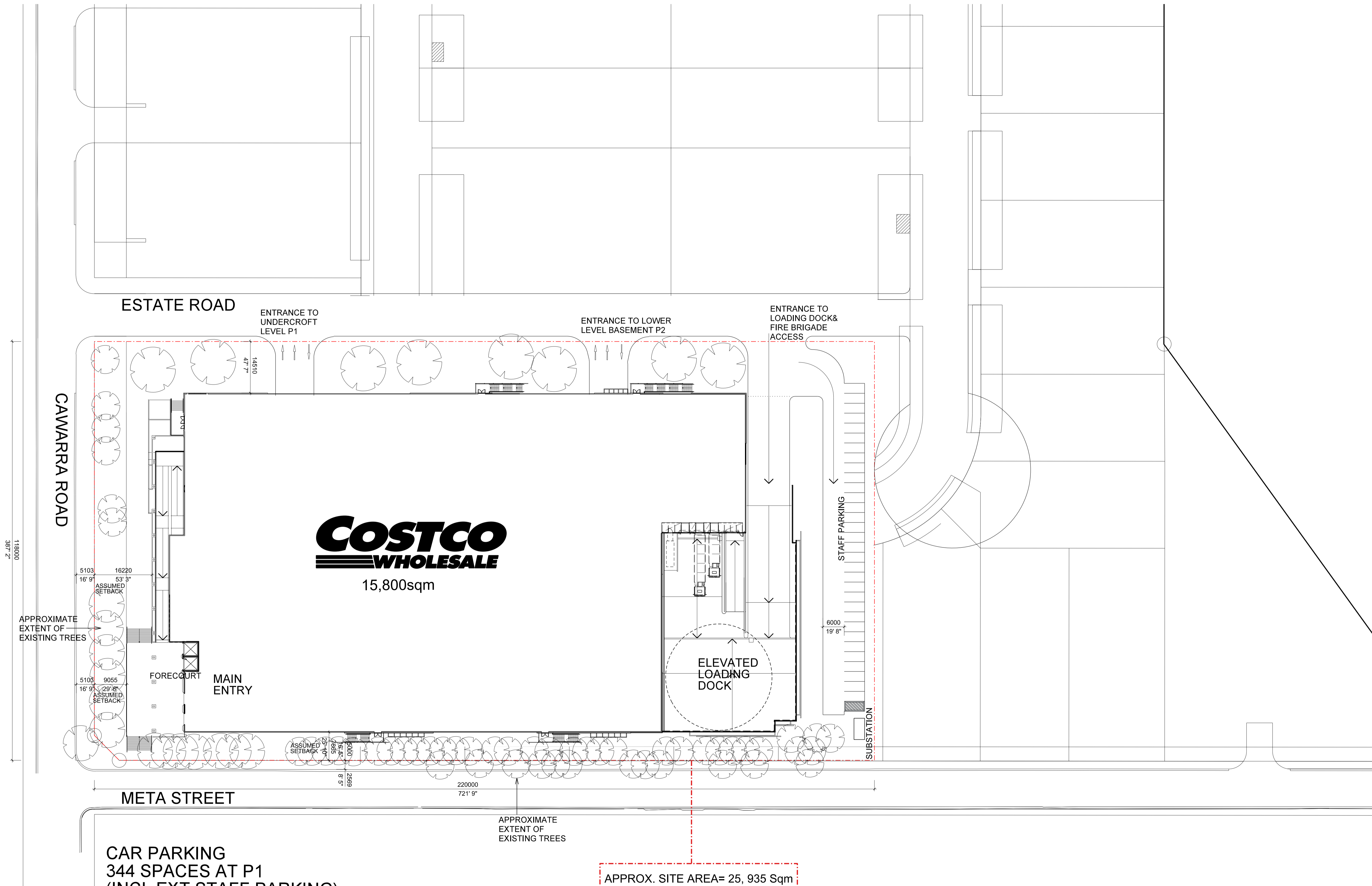
- **Market Demand:** An opportunity exists for a new Costco warehouse to locate in the Sutherland Shire to meet the existing gap in the Costco network in southern Sydney. The subject Site is one of the few sites available in southern Sydney to accommodate the site specific requirements of a Costco warehouse. If Costco's proposal is not accepted by Council, Costco will need to look for a site elsewhere in southern Sydney.
- **Suitability of the Site:** The Site is suitable for a Costco warehouse due to its size, location within an employment area and proximity to transport corridors.
- **Consistency with Strategic Planning Framework:** Costco's proposal is consistent with the applicable strategic planning framework in that it will promote increased business investment and support a substantial number of jobs.
- **Consistency with Sutherland Employment Strategy:** The Costco proposal is also consistent with the objectives of the Sutherland Employment Strategy (2013) in relation to employment generation in out-of-centre locations, its ability to offer a range of roles from retail/sales to more skilled positions (unlike traditional retail and bulky goods), and the unlikelihood of Costco affecting the hierarchy of existing retail centres.
- **Consistency with B7 Business Park objectives:** Costco encourages employment opportunities, requires a large floor area, can meet the day to day needs of workers in the area, would prevent the fragmentation of the Site, and will enhance the visual appearance of the Site.
- **Consistency with Strategic Vision:** Council officer's recent report to Council in relation to proposed DCP amendments identified the changing nature of the area and the need to optimise the future employment-generating potential of the Shire's industrial areas. It stated that the strategy for the Site has been reviewed and that there are expected to be a range of different types of employment-generating development on the Site. Costco's proposal is consistent with this vision.
- **Economic Impact:** Total on-site employment for a Costco Caringbah is estimated at 330 jobs (225-250 EFT jobs). The employment density achieved by a Costco store is often higher than that typically achieved by warehousing, light industrial and other employment uses, including homemaker and bulky goods retailing. The forecast sales levels show that the proposed Costco Caringbah would achieve very low market shares, with the total sales derived from the main trade area resulting in a market share of just 1.0% overall. This

demonstrates that a Costco warehouse on the Site would be unlikely to affect existing retail hierarchies in the Sutherland Shire.

- **Roads, Traffic and Access:** It is estimated that the proposed Costco warehouse could generate 350 and 670 vehicle movements (two-way) during the Thursday PM and Saturday midday peak hours respectively. There are likely to be between 2 and 4 additional vehicles turning right at Captain Cook Drive onto Taren Point Drive per minute. Compared to an office use, it is estimated that Costco would generate, on average, only an additional 1 vehicle every 2 minutes.

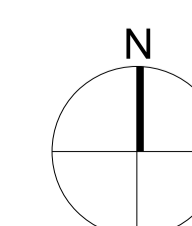
# Concept Plans

*Group GSA*



CAR PARKING  
344 SPACES AT P1  
(INCL EXT STAFF PARKING)  
361 SPACES AT P2

TOTAL 705 CAR SPACES  
(INCL ACCESSIBLE)



CAWARRA ROAD

ESTATE ROAD

META STREET

ENTRANCE TO  
UNDERCROFT  
LEVEL P1

ENTRANCE TO LOWER  
LEVEL BASEMENT P2

ENTRANCE TO  
LOADING DOCK &  
FIRE BRIGADE  
ACCESS

STAFF PARKING

SUBSTATION

ASSUMED  
SETBACK

16' 5"

7665

25' 10"

5200

2569

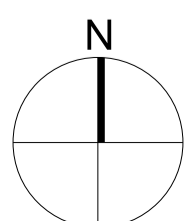
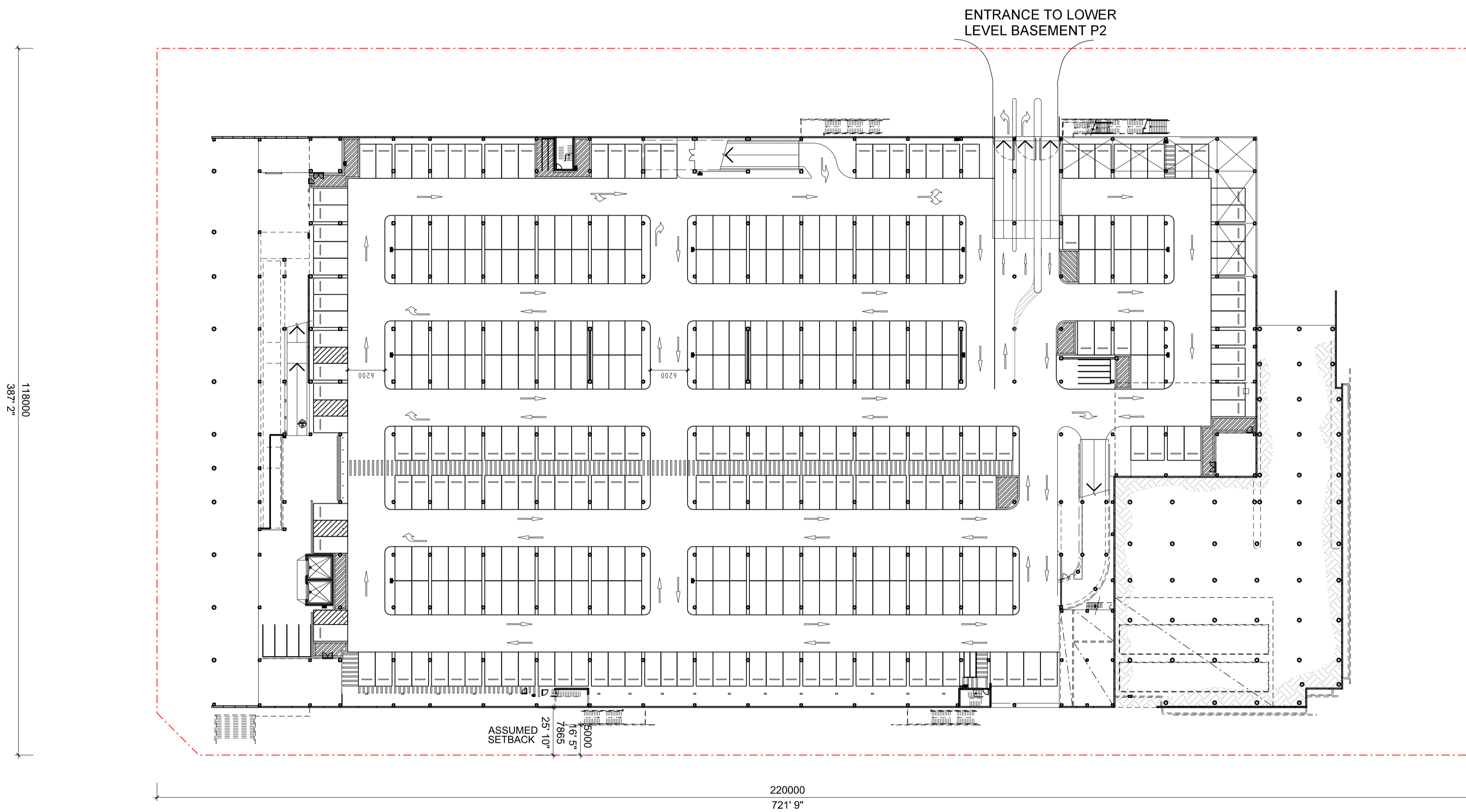
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# Preliminary Market Analysis

*Essential Economics*



ESSENTIAL ECONOMICS

# **Costco Caringbah**

## **Preliminary Market Analysis**

Prepared for

Costco Wholesale

by

Essential Economics Pty Ltd

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### **Authorship**

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### **Disclaimer**

Although every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented herein, Essential Economics Pty Ltd accepts no liability for any actions taken on the basis of the contents of this report.

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# INTRODUCTION

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## Background

This report has been prepared for Costco Wholesale Australia and presents a preliminary economic assessment of a potential Costco Warehouse at Caringbah.

Costco provides a unique format offering high quality merchandise and services at low prices to retail and wholesale customers who pay an annual membership fee.

## Objective

To prepare a preliminary market assessment of the potential for a Costco Warehouse to establish at Caringbah, including an assessment of potential employment and other economic outcomes.

This preliminary market assessment is intended to provide high-level information on a potential Costco Caringbah store, and is not intended to be a full 'economic impact assessment' as would be required as input to a formal planning application.

## This Report

This report provides the following analysis:

- 1 **Context for Costco Caringbah:** Provides an overview of the considerations relevant to development of a Costco Warehouse at Caringbah, including the opportunity for a new Costco Warehouse to serve southern Sydney and the attributes of Caringbah as a potential store location.
- 2 **Preliminary Market Analysis:** Identifies the geographic area from which a Costco Caringbah would be likely to draw most of its turnover, and provides an analysis of the trade area population in terms of growth trends, demographic features and other aspects which indicate market demand.
- 3 **Overview of Economic Considerations:** Assesses the economic factors relevant to a Costco Caringbah, including employment generation, investment and strategic land use outcomes.
- 4 **Summary of Key Findings:** Provides an overview of key aspects of the report analysis and findings.

# 1 CONTEXT FOR COSTCO CARINGBAH

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## About Costco

### Overview

- 1.1 Costco Wholesale opened their first Australian store in Melbourne in August 2009. Three stores are operating in Australia (Docklands - Melbourne, Auburn and Canberra), with another three stores approved (Liverpool, Ringwood – Melbourne and North Lakes - Brisbane).
- 1.2 The company is one of the world's largest retailers, with over 600 warehouses in the US, Canada, Mexico, UK, Taiwan, Korea, Japan and now Australia. Costco employs over 150,000 people around the world and approximately 1,220 people in Australia.

### Costco Business Model

- 1.3 The Costco business model differs markedly from the traditional retail format we are accustomed to in Australia.
- 1.4 Costco is an example of the 'warehouse club' model. The company gains revenue from charging for membership, and this additional source of funds helps Costco to negotiate buying contracts with manufacturers. Total membership is in the order of 58 million members globally.
- 1.5 This business structure means that margins can be kept much lower than usual in the retail industry. What this means for consumers is that – for a fee of \$60 per annum (or \$55 for business card holders) – high quality merchandise is available at a significantly lower price when compared against competing outlets.
- 1.6 A review of pricing structures for Costco shows that savings are often in the order of 28% to 35% for many day-to-day product categories.
- 1.7 Another important outcome is that small businesses, such as corner stores, can purchase wholesale goods at low prices, with sufficient opportunity to resell those goods (typically repackaged as individual items) at prices that are competitive with supermarkets.

### Costco Product Range

- 1.8 Costco typically has about 4,000 to 4,500 individual products, or stock-keeping units (SKUs), on its floor at any one time, and this is much less than the 25,000 or more SKUs typically on the shelves at a full-line supermarket, or the 40,000 SKUs on offer in a large discount department store such as Kmart, Big W or Target.
- 1.9 The wide range of products sold at Costco includes fresh food (eggs, bread, meat, vegetables, etc), clothing, jewellery, leisure goods (tents, BBQs, etc), whitegoods, dry

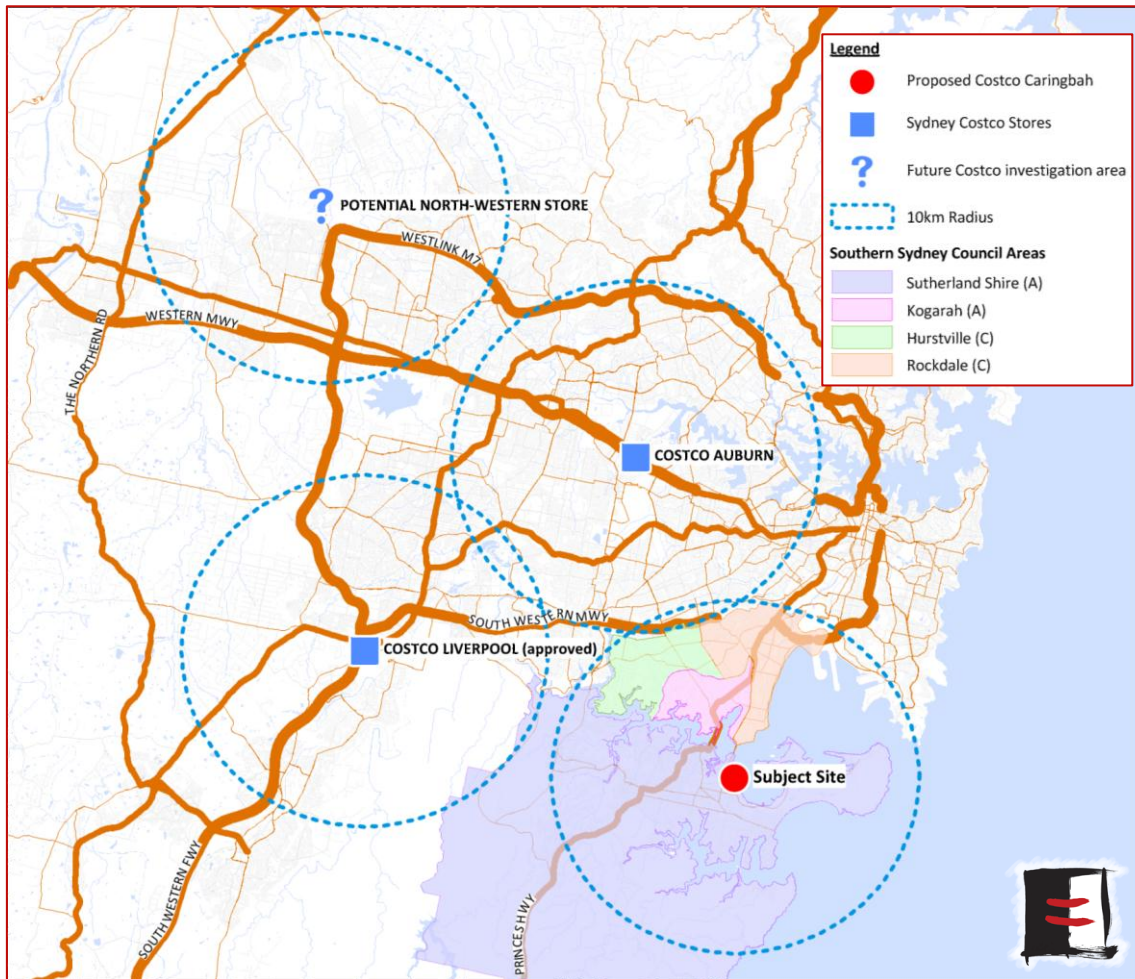
groceries, frozen food, electrical equipment, wine and liquor, sheets, towels, and pet food.

- 1.10 Where possible, these products are offered for bulk purchasing, meaning that for many products the packaging size is significantly larger than in a traditional retail outlet.

### **Costco Store Network Considerations**

- 1.11 Costco is looking to expand its store network in Australia over coming years, with an active site identification and store development process underway. This is being supported by Costco Wholesale committing additional funds in the past two years to support a more rapid store roll-out program in Australia.
- 1.12 Inevitably, as Australia's largest retail market, Costco Wholesale is seeking sites in metropolitan Sydney. The Costco Auburn store is one of the top stores globally in terms of total sales, and demonstrates the popularity of the Costco model to consumers in Sydney.
- 1.13 Costco Wholesale has recently obtained approval for Costco Liverpool, to be located at Casula. We also understand that Costco are seeking other sites across Sydney, with an understanding that a store is currently being sought to serve the North West Growth Centre between Blacktown and Windsor.
- 1.14 As shown in Map 1.1, an opportunity exists for a Costco Warehouse to serve the southern suburbs of Sydney, based on the current and expected Costco Warehouse network outcomes. This store could, in indicative terms, be located in one of the municipalities of:
- Rockdale
  - Kogarah
  - Hurstville
  - Sutherland.
- 1.15 On this basis, an opportunity is apparent for a Costco Warehouse to locate in Sutherland Shire to meet the existing gap in the Costco Warehouse network in southern Sydney – subject to an appropriate site being identified.
- 1.16 Of particular importance is whether the site is consistent with the Costco business model in which retail shoppers and business customers are drawn from extensive catchments.

**Map 1.1 Costco Store Network Options for Sydney**



## Considerations for Caringbah

### Costco Site Requirements

1.17 Costco is a retail operation with particular site requirements that are characteristic for large 'destination' retailers. These criteria relate to factors such as:

- The size of the land and its configuration,
- The ability to accommodate a preferred warehouse design,
- The potential cost of development,
- The exposure of the site to the regional catchment and the potential access arrangements that can be achieved,
- Whether the site has any planning constraints that need to be overcome (eg heritage controls, flood-prone, etc.), and
- The potential to resolve urban design issues such as the interface with adjoining uses, among others.

- 1.18 This consideration is important, not just to ensure that each Costco store is viable in itself, but also in the context of planning for a network of Costco stores serving the Sydney metropolitan area. Each site must have sufficient exposure and 'destinational appeal' to attract people from at least a 30-minute drive time catchment (with allowance also for other transport modes).

### **Cawarra Road Site**

- 1.19 A potential site has been identified for a Costco Warehouse in Cawarra Road, Caringbah. The site is located in a broader employment area that includes a wide range of commercial, light industrial, warehouse and showroom uses.
- 1.20 Formerly, the Cawarra Road site was occupied by a Johnson & Johnson factory. The site has now been sold and sub-divided to support more intensive economic activity on the site.
- 1.21 Importantly, the Cawarra Road site is of sufficient scale to accommodate the significant land requirements of a Costco Warehouse. Typically, Costco seek large sites of sufficient scale to accommodate:
- The Costco Warehouse of generally approximately 15,000m<sup>2</sup> in floorspace
  - Truck access and delivery areas
  - Staff and customer car parking
  - A possible petrol station PAD site
  - Landscaping and general areas.
- 1.22 In the context of established urban areas of Australia, the ability of Costco to identify appropriate sites of a minimum of 3 hectares or larger is generally extremely limited. On this basis, the Cawarra Road site has been identified by Costco as a potential Warehouse location after an extensive site search and assessment process in southern Sydney.
- 1.23 The Cawarra Road site is located in proximity to Captain Cook Drive, a major east-west connector road.
- 1.24 Taren Point Road is a major north-south road linking Sutherland Shire with areas north of the Georges River and is located a short distance west of the Cawarra Road site.
- 1.25 Taren Point Road in proximity to the potential Costco site is already an important regional destination for homemaker and bulky goods retailing. Thus, the general precinct is already a well-known and established retail destination for residents and businesses across a broad geographic area.
- 1.26 On this basis, a Costco Warehouse at the Cawarra Road site would be expected to have sufficient accessibility to be able to draw from a relatively wide trade area. This is considered in more detail in the next Section of this report.

## 2 PRELIMINARY MARKET ANALYSIS

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- 2.1 This Chapter contains a preliminary market analysis for a Costco store at Caringbah. The analysis is intended to inform strategic land use considerations for the proposed Cawarra Road site and does not represent a full economic impact assessment as would be required for any formal planning application.

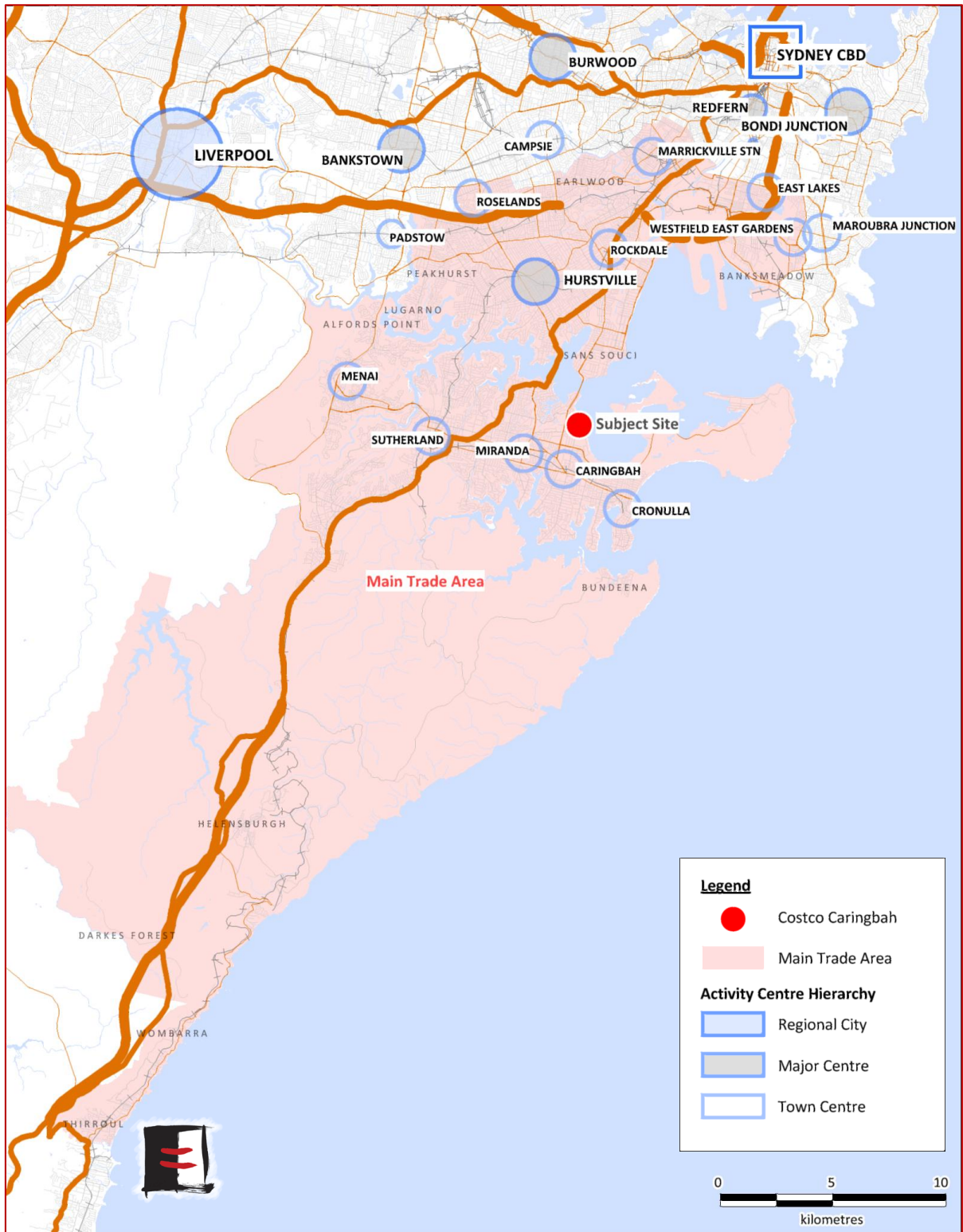
### Trade Area Definition

- 2.2 A retail trade area is an analytical tool that represents the spatial influence of a centre and the region from which it is expected to draw the majority of its turnover. The extent of the trade area is defined by a number of factors which include the location of existing and proposed retail competition, the surrounding arterial road and freeway network, and physical barriers to movement (such as water courses, railway lines, etc).
- 2.3 A Main Trade Area (MTA) has been drawn to identify the likely trading influence of a Costco Warehouse at the Cawarra Road site in Caringbah, and is shown as Map 2.1. The MTA generally reflects a 30-minute travel time, but with consideration also to the location of competitive stores/centres.
- 2.4 The MTA defined for a Costco Warehouse at Caringbah covers a wide geographic area that extends generally as follows:
- To the north: extending to Roselands, Marrickville and Mascot
  - To the south: including coastal towns as far as Thirroul and Bulli Pass
  - To the west: bounded by the Heathcote National Park and Lake Woronora.
- 2.5 The MTA reflects the current gap in the provision of Costco Warehouse outlets in the southern suburbs of Sydney, and also reflects the ability of a Costco Caringbah to attract sales from residents and businesses located well-outside Sutherland Shire.

### Trade Area Population

- 2.6 The MTA has a resident population of approximately 613,800 persons in 2013, as shown in Table 2.1.
- 2.7 By 2016, which could possibly be the first full year of trading for a new Costco Caringbah, the MTA is forecast to have a total population of approximately 624,500 residents.
- 2.8 That is, by the time that a Costco Caringbah has established trading patterns, the population of the MTA will have increased by approximately 10,000 persons from the current 2013 population.

Map 2.1 Costco Caringbah Main Trade Area



Source: MapInfo, Department of Planning and Infrastructure, Essential Economics

- 2.9 The MTA is forecast to experience moderate population growth of +0.4% over the forecast period to 2026, with the population forecast to reach 650,000 persons in 2026. This represents an increase of 36,200 residents over current levels and reflects a growing overall market in which a Costco Caringbah will trade.

**Table 2.1 Costco Caringbah Main Trade Area Population Forecasts, 2006 to 2026**

	2006	2013	2016	2021	2026	2013-2026
<b><u>Population (No.)</u></b>						
Main Trade Area	570,900	613,800	624,500	638,300	650,000	+36,200
<b><u>Average Annual Growth (%)</u></b>						
Main Trade Area	-	+1.0%	+0.6%	+0.4%	+0.4%	+0.4%
<b><u>Average Annual Growth (No.)</u></b>						
Main Trade Area	-	+6,130	+3,570	+2,760	+2,340	+2,785

Source: ABS ERP Data, NSW Dept of Planning 2008 Population Forecasts, id Forecast for selected LGAs, NWSGA Precinct Plans and Essential Economics

Note: Figures are rounded

## Trade Area Socio-Economic Profile

- 2.10 A summary of socio-economic characteristics of MTA residents is presented in Table 2.2, and this data is based on the 2011 ABS Census of Population and Housing. The data reveals the following about the demographic and socio-economic profile of MTA residents:
- **Income**: household income levels in the MTA are only slightly below (-0.6%) those for Greater Sydney, with a similar share of higher income households.
  - **Age Structure**: The MTA's age structure is broadly comparable with Greater Sydney, with the median age slightly older (38 yrs) than the median for Sydney (36 yrs).
  - **Country of Birth**: 66.5% of MTA residents were born in Australia, compared with 63.7% of Greater Sydney residents overall, with a smaller proportion of those born overseas coming from major English speaking countries (6.4% compared with 8.4%).
  - **Household Size**: The average household size of 2.7 persons is the same as Greater Sydney.
  - **Dwelling type and Tenure**: The MTA has a slightly larger proportion of apartments (27.8%) and lower share of detached dwellings (59.3%) compared with Greater Sydney (25.8% and 61.0%). A larger proportion of dwellings are owned outright (36.2%) than for Greater Sydney (31.1%), reflecting the more established urban area and suggesting higher levels of disposable income for MTA residents.
  - **Housing Costs**: Housing costs in the MTA, in terms of both median rents (\$370/wk) and mortgage repayments (\$2,320/mth), are higher than the Sydney medians (median rent: \$360/wk; median mortgage repayment: \$2,200/mth).

- **Occupation:** A higher share of Clerical & Sales workers live in the MTA (37.2%) compared with Sydney (34.7%), with a corresponding lower proportion of Managers & Professionals (36.9% compared with 39.6%).

**Table 2.2 Costco Caringbah MTA Socio-Economic Profile, Census 2011**

Category	Main Trade Area	Greater Sydney
<b><u>Income</u></b>		
Median household income (annual)	\$74,930	\$75,410
Variation from Greater Sydney median	-0.6%	0.0%
<b><u>Age Structure</u></b>		
0-4 years	6.5%	6.8%
5-19 years	17.6%	18.7%
20-34 years	21.0%	22.4%
35-64 years	39.9%	39.3%
65-84 years	12.6%	11.0%
85 years and over	2.2%	1.8%
Median Age (years)	38	36
<b><u>Country of Birth</u></b>		
Australia	66.5%	63.7%
Other Major English Speaking Countries	6.4%	8.4%
Other Overseas Born	27.1%	27.9%
<b><u>Dwelling Structure (Occupied Private Dwellings)</u></b>		
Separate house	59.5%	61.0%
Semi-detached, row or terrace house, townhouse etc.	12.1%	12.8%
Flat, unit or apartment	27.8%	25.8%
Average household size	2.7	2.7
<b><u>Tenure Type (Occupied Private Dwellings)</u></b>		
Owned outright	36.2%	31.1%
Owned with a mortgage	35.5%	35.7%
Rented	27.6%	32.4%
<b><u>Housing Costs</u></b>		
Median monthly mortgage repayment	\$2,320	\$2,200
Variation from Greater Sydney median	5.5%	0.0%
Median weekly rents	\$370	\$360
<b><u>Occupation</u></b>		
Managers & professionals	36.9%	39.6%
Clerical & sales workers	37.2%	34.7%
Technicians & trades workers	13.5%	12.4%
Machinery operators & drivers	5.3%	5.8%
Labourers & related workers	7.1%	7.5%

Source: ABS Census 2011 and Essential Economics

## Retail Spending Analysis

- 2.11 Retail spending per capita by MTA residents is estimated at \$13,585 in 2013 and is closely aligned with the average for metropolitan Sydney as a whole (\$13,550), across all retail categories. This is summarised in Table 2.3.

**Table 2.3 Costco Caringbah Main Trade Area, Per Capita Retail Spending, 2013 (\$2013)**

Trade Area	Food, Liquor, Grocery	Food Catering	Apparel	Home-ware	Bulky Merch	General Merch	Retail Services	Total Spend Per Capita
Per Capita Retail Spending								
<b>Main Trade Area</b>	<b>\$5,390</b>	<b>\$2,023</b>	<b>\$1,392</b>	<b>\$1,053</b>	<b>\$1,193</b>	<b>\$1,956</b>	<b>\$577</b>	<b>\$13,584</b>
<i>Metro Sydney</i>	<i>\$5,313</i>	<i>\$2,050</i>	<i>\$1,388</i>	<i>\$1,069</i>	<i>\$1,192</i>	<i>\$1,943</i>	<i>\$593</i>	<i>\$13,548</i>
Variation from Metro Sydney average								
<b>Main Trade Area</b>	<b>+1.4%</b>	<b>-1.3%</b>	<b>+0.1%</b>	<b>-1.5%</b>	<b>+0.1%</b>	<b>+0.7%</b>	<b>-2.6%</b>	<b>+0.3%</b>

Source: MarketInfo and Essential Economics

2.12 Total retail spending by residents of the MTA is shown in Table 2.3, with spending and growth details for individual retail categories. The forecasts to 2026 reflect real growth in average per capita spending (ie excluding inflation) and forecast growth in the MTA population shown in Table 2.1.

2.13 Over the period 2013 to 2026, total retail expenditure is forecast to increase from \$8,338 million in 2013 to \$10,493 million in 2026, representing an average real growth rate of +1.8% per year. Total spending growth of approximately \$2.1 billion is forecast for the MTA over the period 2013 to 2026.

2.14 This substantial level of expenditure reflects the extensive trade area that the proposed Costco Caringbah would serve.

**Table 2.4 Costco Caringbah Main Trade Area, Retail Expenditure, 2013 to 2026 (\$2013)**

Retail Category	2013	2016	2021	2026	2013-26 AAGR
Food, Liquor, Grocery	\$3,308 m	\$3,417 m	\$3,580 m	\$3,738 m	+0.9%
Food Catering	\$1,242 m	\$1,311 m	\$1,426 m	\$1,545 m	+1.7%
Apparel	\$855 m	\$905 m	\$996 m	\$1,093 m	+1.9%
Homewares	\$646 m	\$705 m	\$815 m	\$939 m	+2.9%
Bulky Merchandise	\$732 m	\$779 m	\$858 m	\$941 m	+1.9%
General Merchandise & Leisure	\$1,201 m	\$1,309 m	\$1,514 m	\$1,744 m	+2.9%
Retail Services	<u>\$354 m</u>	<u>\$380 m</u>	<u>\$434 m</u>	<u>\$494 m</u>	<u>+2.6%</u>
<b>Total available retail-spending</b>	<b>\$8,338 m</b>	<b>\$8,805 m</b>	<b>\$9,623 m</b>	<b>\$10,493 m</b>	<b>+1.8%</b>

Source: Population forecasts (Table 3.1), MarketInfo and Essential Economics

Note: Average Annual Growth Rate (AAGR)

## Costco Caringbah - Retail Sales by Type

2.15 A Costco Caringbah is forecast to generate sales of approximately \$140m in 2016 (expressed 2013 dollars). This estimate is based on our expectations of trading performance, as well as discussions with Costco and consideration of sales levels achieved at other stores.

2.16 Of the total level of sales, approximately 68% (or \$94.8m) would be retail sales generated by households, with the 32% balance generated by sales to (mainly small)

businesses. This is a feature of the Costco operation worldwide, where membership is available to both households and businesses.

- 2.17 The estimated distribution of Costco sales by retail category is shown in Table 2.5 and indicates the proportion of sales in each category that would be expected to be supported by household spending (as opposed to business spending). This allocation of sales by retail type takes into account Costco trading features worldwide.

**Table 2.5 Costco Caringbah Forecast Turnover, 2016**

Retail Category	Estimated Allocation of Sales	Estimated Total Sales by Type	Estimated Allocation of Sales to Households	Estimated Sales to Households	Share of Total Sales to Households
Food, Liquor, Grocery	69%	\$96.6 m	65%	\$62.8 m	66%
Food Court/Cafe	1%	\$1.4 m	90%	\$1.3 m	1%
Apparel	4%	\$5.6 m	100%	\$5.6 m	6%
Homewares	6%	\$8.4 m	80%	\$6.7 m	7%
Bulky Merchandise	6%	\$8.4 m	75%	\$6.3 m	7%
General Merchandise	11%	\$15.4 m	70%	\$10.8 m	11%
Retail Services	1%	\$1.4 m	95%	\$1.3 m	1%
Non-Retail	2%	\$2.8 m	0%	na	na
<b>Total</b>	<b>100%</b>	<b>\$140.0 m</b>	<b>68%</b>	<b>\$94.8 m</b>	<b>100%</b>

Source: Costco Wholesale, Essential Economics

- 2.18 Sales of Food, Liquor and Groceries are expected to represent 66% of the total sales to households at the proposed store. Other major retail categories include General Merchandise (11%), Bulky Merchandise (7%), and Homewares (7%).

## Market Share Analysis

- 2.19 In this assessment, calculations of market share are based on Costco drawing 90% of its sales from within the MTA, and with 10% from beyond the MTA. For example, a Costco Warehouse at Caringbah can be easily accessed by Wollongong residents using the Princes Highway, the major arterial linking Wollongong with Sydney.
- 2.20 Costco is expected to generate sales to households of \$94.8m in 2016 as shown in Table 2.5, which is assumed to be the first full year of operation.
- 2.21 An estimated \$85.3m in sales across a range of retail categories (90% of total retail turnover) would be expected to be drawn from residents in the MTA, as earlier defined, and with the balance of \$9.5m (or 10% of sales) captured from beyond this trade area. These figures are compared against the MTA retail expenditure forecasts from Table 2.4 to estimate the market share achieved in each retail category. These market share figures are shown in Table 2.6.

- 2.22 The forecast sales levels show that the proposed Costco Caringbah would achieve very low market shares, with the total sales derived from the MTA (\$85.3m in 2016) resulting in a market share of just 1.0% overall.

**Table 2.6 Costco Caringbah Forecast Market Share from MTA, 2016 (\$2013)**

Retail Type	Food, Liquor, Grocery	Food Catering	Apparel	Home- wares	Bulky Merch	General Merch	Retail Services	Total Sales to MTA
<b>Sales to H'hlds</b>	\$62.8m	\$1.3m	\$5.6m	\$6.7m	\$6.3m	\$10.8m	\$1.3m	<b>\$94.8m</b>
Sales from MTA	\$56.5m	\$1.1m	\$5.0m	\$6.0m	\$5.7m	\$9.7m	\$1.2m	<b>\$85.3m</b>
MTA Spending	\$3,416.5m	\$1,311.1m	\$904.6m	\$704.5m	\$779.1m	\$1,309.3m	\$379.6m	<b>\$8,804.7m</b>
<i>Market Share</i>	<i>1.7%</i>	<i>0.1%</i>	<i>0.6%</i>	<i>0.9%</i>	<i>0.7%</i>	<i>0.7%</i>	<i>0.3%</i>	<b><i>1.0%</i></b>

Source: Essential Economics

- 2.23 Across the retail categories the projected market shares are also low, with the highest market share being 1.7% in the Food, Liquor and Groceries market and 0.9% in Homewares.
- 2.24 These very low market shares reflect the extensive trade area (in geographic terms) that the proposed store will serve, and the significant resident population. Traditional retail stores such as supermarkets and department stores tend to have much more tightly defined catchments in which they achieve a much higher market share.
- 2.25 As a comparison, supermarkets can capture up to 40% or so of available grocery spending in their relevant catchment that typically extends in a radius of about 2 km to 3km from the store.

## Regional Impact

- 2.26 A new Costco Caringbah is expected to generate \$140m in turnover in its first full year of trading in 2015, of which an estimated \$85.3m would be drawn in retail sales from residents of the MTA.
- 2.27 An assessment of the overall regional trading impacts arising from the introduction of a new Costco at Caringbah in 2015 is presented in Table 2.7. This considers the extent to which growth in MTA spending would be captured by the Costco store, and the available growth in spending that would otherwise be able to support existing and new retail facilities elsewhere.
- 2.28 Even with the introduction of the Costco Caringbah in 2016, an additional \$381m in new retail spending will be generated in the identified MTA over the period 2013 to 2016. This available spending will be directed to centres within the MTA and beyond, supporting existing retailers and leading to opportunities for retail expansion.
- 2.29 Over the following decade the MTA spending is forecast to increase by \$2,155 million, allowing for sales at the Costco from MTA residents to increase to \$101.7 million (assuming the store maintains a constant 1.0% market share) as shown in Table 2.7. An

additional \$2,054 million in new retail spending by MTA residents will be available for other retailers.

- 2.30 Spending growth will continue to occur over time, with Costco continuing to capture just a small share of the available growth in spending. This analysis highlights the temporary and limited nature of the likely regional trading impacts stemming from the development of a Costco Caringbah.

**Table 2.7 Costco Caringbah Regional Trading Impact Assessment**

	2013	2016	2021	2026
<b><u>Costco Caringbah</u></b>				
Costco Caringbah Turnover from Main Trade Area (\$m) <sup>1</sup>		\$85.3 m	\$93.2 m	\$101.7 m
Main Trade Area Retail Spending (\$m)	\$8,338 m	\$8,805 m	\$9,623 m	\$10,493 m
Main Trade Area T/O to Other Centres (\$m) <sup>2</sup>	\$8,338 m	\$8,719 m	\$9,530 m	\$10,392 m
<b>Change in Turnover to Other Centres Relative to 2013 (\$m)</b>		<b>+\$381 m</b>	<b>+\$1,192 m</b>	<b>+\$2,054 m</b>

Source: Essential Economics

Note: (1) Assumes constant MTA Market Share; (2) Excludes Costco Caringbah

### 3 OVERVIEW OF ECONOMIC CONSIDERATIONS

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#### Trading Impact

- 3.1 An important economic consideration for any major new retail development is the potential for trading impacts on other existing centres in the surrounding retail hierarchy.
- 3.2 A Costco Caringbah would compete with a very wide range of alternative shopping locations, including supermarkets, discount department stores, specialty stores, bulky goods or homemaker outlets, individual retailers, and wholesale outlets.
- 3.3 The lack of a significant trading impact on individual centres arising from the introduction of Costco is principally because Costco – as a destination retailer – draws customers from a very extensive regional area, and thus the store achieves only a very small share of all available retail spending by trade area residents.
- 3.4 This is the experience for the existing Costco Warehouses in Australia that have not been identified as generating any significant adverse impacts on the balance of the retail hierarchy in the relevant regions that those stores serve.
- 3.5 The analysis in this report shows that a Costco Caringbah would attract approximately 1.0% of the available spending of MTA residents (see Table 2.6).
- 3.6 Another important consideration is that the limited offer at a Costco store (4,000 to 4,500 SKUs) means that Costco cannot and does not compete on a daily basis for household or business spending that is otherwise directed to supermarkets, department stores, discount department stores, specialty shops and other retail formats.

#### Consumer and Business Effects

- 3.7 By bringing its unique retail model to Australia, Costco has substantially increased the level of competition in the retail market. Both the Productivity Commission and the ACCC have identified the significant potential benefits to consumers and the general community associated with increased competition in the retail sector.
- 3.8 A Costco Warehouse at Caringbah will provide a new retail format to southern Sydney which improves consumer choice and provides customers, including businesses, with a wide range of products at highly competitive prices.
- 3.9 The introduction of Costco at Caringbah will contribute to choice and competition in the broader retail and wholesale markets, with benefits derived from these price savings, coupled with the ability to purchase products in bulk packaging.
- 3.10 Potential benefits for consumers relate to the likely price savings associated with increased competition (and this encourages price reductions by other businesses as

they adjust their operations to maintain market share). The availability of a new and innovative retail format that emphasises occasional bulk buying visits also represents a significant consumer benefit.

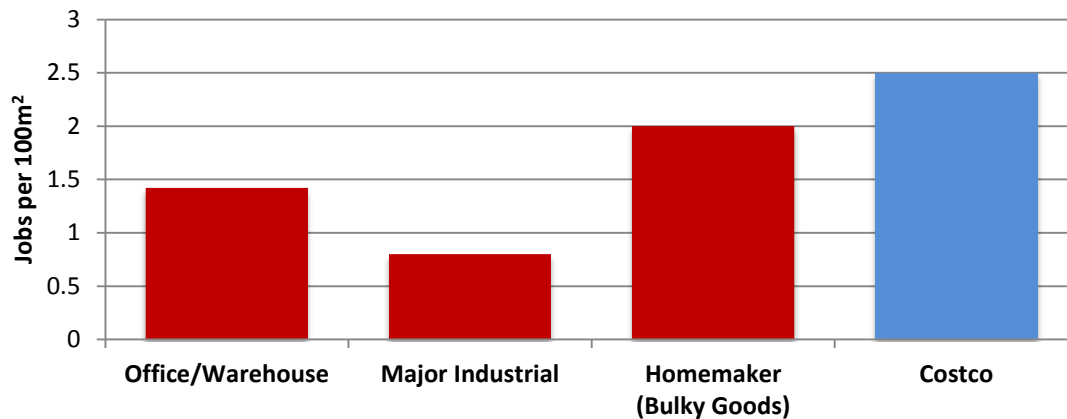
- 3.11 A detailed analysis of the price savings associated with the introduction of Costco was undertaken as part of the economic analysis prepared for the Costco Auburn store. Overall, the analysis showed that prices at Costco are in the order of up to 35% lower overall than the price of the same products purchased from competing retailers, and this figure is approximately the same for both household and business card holders.
- 3.12 Having regard for the difficulties associated with measuring price competition, and factors including seasonal variations, opportunities for further in-store discounts, and so on, it is estimated that Costco delivers a significant price saving when compared against competing retailers.
- 3.13 Price savings from the introduction of Costco represent a tangible indication of the potential community benefits associated with increased retail competition.
- 3.14 Costco also actively engages with local businesses and suppliers to source goods and services.

### **Employment Outcomes**

- 3.15 The proposed Costco Caringbah would be expected to generate in the order of 330 employment positions when developed, and this is equivalent to an estimated 250 Full-Time Equivalent (FTE) positions.
- 3.16 An increase in the number of jobs is likely to occur over time as the store gains in popularity and as further growth in population and spending occurs throughout the trade area.
- 3.17 Many of these jobs would be filled by people living in the Sutherland Shire, and this tendency for the take-up of jobs by people living in the general area is observed universally in the retail sector.
- 3.18 In addition to the 250 FTE direct jobs at Costco, a further 225 indirect (or flow-on jobs) would be created indirectly through the employment multiplier effect. These indirect jobs would be located in Sydney and in other parts of NSW and interstate, thus reflecting the inter-industry links that are a feature of the national economy.
- 3.19 A Costco Warehouse at the Cawarra Road site employing 330 workers would represent a net increase on the employment of approximately 200 direct on-site jobs that was supported by the previous Johnson & Johnson facility at the time of closure (source industry press). This would be achieved from only a small portion of the overall site, with potential for further job growth on the balance of the site.

- 3.20 The level of employment ‘density’ achieved by a Costco Warehouse is typically higher than that achieved by typical warehousing, light industrial and other employment uses (including bulky goods and homemaker retailing) as shown in Figure 3.1.

**Figure 3.1 Comparison of Employment Densities**



Source: Essential Economics

- 3.21 On this basis, the Costco Caringbah at the Cawarra Road site would make an important contribution to maximising the employment outcomes on the former site of the Johnson & Johnson facility – as supported by Council policies.

### Investment and Construction Employment

- 3.22 Costco Caringbah would involve an estimated Capital Investment of approximately \$50m, which includes construction costs and store fit-out but excludes land purchase cost or the GST component.
- 3.23 Construction costs of this order would be expected to generate approximately 110 direct construction-related jobs over a 12-month construction period. This estimate is based on approximately \$450,000 construction cost for one FTE job, and is derived from detailed analysis of National Accounts figures by Essential Economics.
- 3.24 In addition, an employment multiplier also applies in this instance (where the multiplier is equivalent to 2.6; ie, an additional 1.6 indirect jobs are created for every 1 direct job), with the result that another 175 or so indirect or flow-on jobs would be generated during the construction phase. These indirect jobs would be distributed across the national economy, reflecting inter-industry links.
- 3.25 In total, the construction of the Costco development is estimated to generate approximately 285 direct and indirect FTE construction-related jobs over a 12-month construction period.

## Strategic Land Use Considerations

3.26 The potential development of Costco Caringbah has the following strategic land use considerations:

- (a) **Site availability:** the Cawarra Road site is one of the few sites available in southern Sydney able to accommodate the specific site requirements of a Costco Warehouse. The site has been identified as a result of an extensive site identification process undertaken by Costco that considered a range of alternative sites in Sutherland Shire. If no appropriate site in Sutherland Shire is available, an alternative location for a Costco serving southern Sydney that is located north of the Georges River would need to be considered.
- (b) **Destinational Appeal:** the Cawarra Road site is located in proximity to major transport routes and benefits from the existing destinational appeal of the extensive homemaker and bulky goods retailing located on nearby Taren Point Road.
- (c) **Investment Attraction:** The development of a Costco Warehouse at the Cawarra Road site may be the catalyst for attracting a range of other businesses to the precinct that are consistent with Council's objectives seeking more intensive use of employment areas, including the former Johnson & Johnson facility. By attracting approximately 700,000 customers per annum, Costco will provide the area with a strong sense of identity and increase the exposure of adjacent businesses to potential customers. Nearby businesses will also benefit from the wholesale supply opportunities generated by Costco as these businesses would be an important part of the customer base.
- (d) **Employment:** Costco Caringbah would directly generate approximately 330 on-site jobs, plus an estimated 285 direct and indirect also created during the construction phase. As previously noted, the employment density of Costco is higher than for many general business uses.

## 4 SUMMARY OF KEY FINDINGS

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### Context for Costco Caringbah

- 4.1 **Costco opened their first Australian store** in August 2009 and now have three stores trading, with another four stores approved. The Costco 'wholesale club' model allows members to access a range of goods and services at prices significantly below retail levels.
- 4.2 **Costco is looking to expand the Australian warehouse network over coming years**, with an active site identification program underway. An opportunity exists for a new Costco Warehouse to serve the southern suburbs of metropolitan Sydney, potentially from a location in Sutherland Shire - subject to an appropriate site being identified.
- 4.3 **A potential location for a Costco Warehouse has been identified in Cawarra Road** on a site formerly occupied by a Johnson & Johnson facility. Importantly, the site of sufficient scale to accommodate the significant site requirements of a Costco Warehouse. The proposed site is also close to major transport routes and will benefit from the existing draw of the extensive homemaker and bulky goods uses on nearby Taren Point Road.

### Preliminary Market Analysis

- 4.4 **A preliminary market analysis for a Costco Caringbah has identified a Main Trade Area (MTA)** that extends to the north as far as Roseland, Marrickville and Mascot, and as far south as coastal towns including Thirroul and Bulli Pass. The MTA reflects the extensive trading draw of Costco and the capacity of a store at that location to generate patronage from areas well outside the Shire of Sutherland.
- 4.5 **The population of the MTA is estimated at approximately 613,800 persons in 2013**, and this is forecast to increase to approximately 650,000 persons by 2026. The demographic profile of the MTA population is similar to that for the Greater Sydney region, and this is reflected in per capita retail spending levels of \$13,585 by MTA residents in 2013, approximately 0.3% above the Sydney average.
- 4.6 **Total spending by residents of the Costco Caringbah MTA is forecast to increase from \$8,338 million in 2013 to approximately \$10,493 million by 2026** (expressed in constant 2013 dollars). Based on an indicative forecast of total sales for the Caringbah store of \$140 million, excluding sales to businesses and sales to residents living outside the MTA, the market share would be just 1.0% of available resident spending.
- 4.7 **The potential for negative trading impacts on existing centres arising from Costco Caringbah is limited by the extensive MTA served by the store.** In 2016 an additional \$381 million of retail spending by MTA residents would be available to other retailers even if a Costco Caringbah was trading at this time.

## Overview of Economic Considerations

- 4.8 **A Costco Warehouse at Caringbah would provide a new retail format to southern Sydney that improves consumer choice** and provides customers, including local businesses, with a wide range of products at highly competitive prices.
- 4.9 **Total on-site employment for a Costco Caringbah is estimated at 330 jobs**, of itself an increase in employment relative to the Johnson & Johnson facility when it closed. The employment density achieved by a Costco store is often higher than that typically achieved by warehousing, light industrial and other employment uses, including homemaker and bulky goods retailing. Additional employment equivalent to 285 direct and indirect jobs would also be generated during the construction phase of the project.
- 4.10 **Costco Caringbah would represent a total investment of approximately \$50 million and would potentially attract additional investment** from firms seeking to locate in proximity to a regional attractor generating 700,000 shopping visits per annum. This includes the expectation of attracting investment to the business park on the balance of the former Johnson & Johnson site.

# Traffic Analysis

*GTA*



Costco Caringbah  
32-40 Cawarra Road  
Caringbah, NSW  
Transport Impact Statement

transportation planning, design and delivery

Costco Caringbah  
32-40 Cawarra Road, Caringbah, NSW  
Transport Impact Statement

Issue: B 01/05/13

Client: Costco Wholesale Australia Pty Ltd  
Reference: 13S1413000  
GTA Consultants Office: NSW

Quality Record

Issue	Date	Description	Prepared By	Checked By	Approved By
B	01/05/13	Final	Ashish Modessa	Matthew Houlden	Jason Rudd

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# 1. Introduction

## 1.1 Background

The Sutherland Shire Council is currently exhibiting its Draft Local Environmental Plan 2013 (LEP 2013). Under the proposed zoning, a Costco store would not be permitted at 32-40 Cawarra Road in Caringbah.

The site, of approximately 109,441sqm, was a formerly a medicine manufacturing facility that is currently in the process of being demolished with an internal circulation road being constructed.

Costco propose to purchase approximately 25,835sqm of the site at the southern end to develop a Costco store of approximately 15,800sqm.

JBA Planning was commissioned by Costco to prepare a rezoning submission for Sutherland Shire Council and GTA Consultants was engaged in April 2013 to undertake a transport impact statement to be included with the submission.

## 1.2 Purpose of this Report

This report sets out an assessment of the anticipated transport implications of the proposed development, including consideration of the following:

- i existing road network operating conditions surrounding the site;
- ii service vehicle requirements;
- iii pedestrian and bicycle requirements;
- iv the anticipated traffic generating characteristics of the proposed development;
- v the transport impact of the development proposal on the surrounding road network.

## 1.3 References

In preparing this report, reference has been made to the following:

- Sutherland Shire Development Control Plan (DCP) 2006
- Sutherland Shire Local Environmental Plan (LEP 2006)
- Draft Sutherland Shire Local Environmental Plan (LEP 2013)
- an existing traffic modelling of the area as referenced in the context of this report
- plans for the proposed development prepared by Group GSA, Drawing Number SK-01 & SK-02, Revision 03, dated 29 April 2013.
- other documents and data as referenced in this report.

## 2. Existing Conditions

The subject site is located at 32-40 Cawarra Road in Caringbah. The portion of site to be developed for the Costco store is approximately 25,835sqm and has a frontage of 124m to Cawarra Road and 197m to Meta Street. The site currently has a land use classification of Employment (Zone 11), and in the draft LEP 2013 has a classification Business Park (B7). The site is currently vacant, previously being occupied by a medicine manufacturing facility.

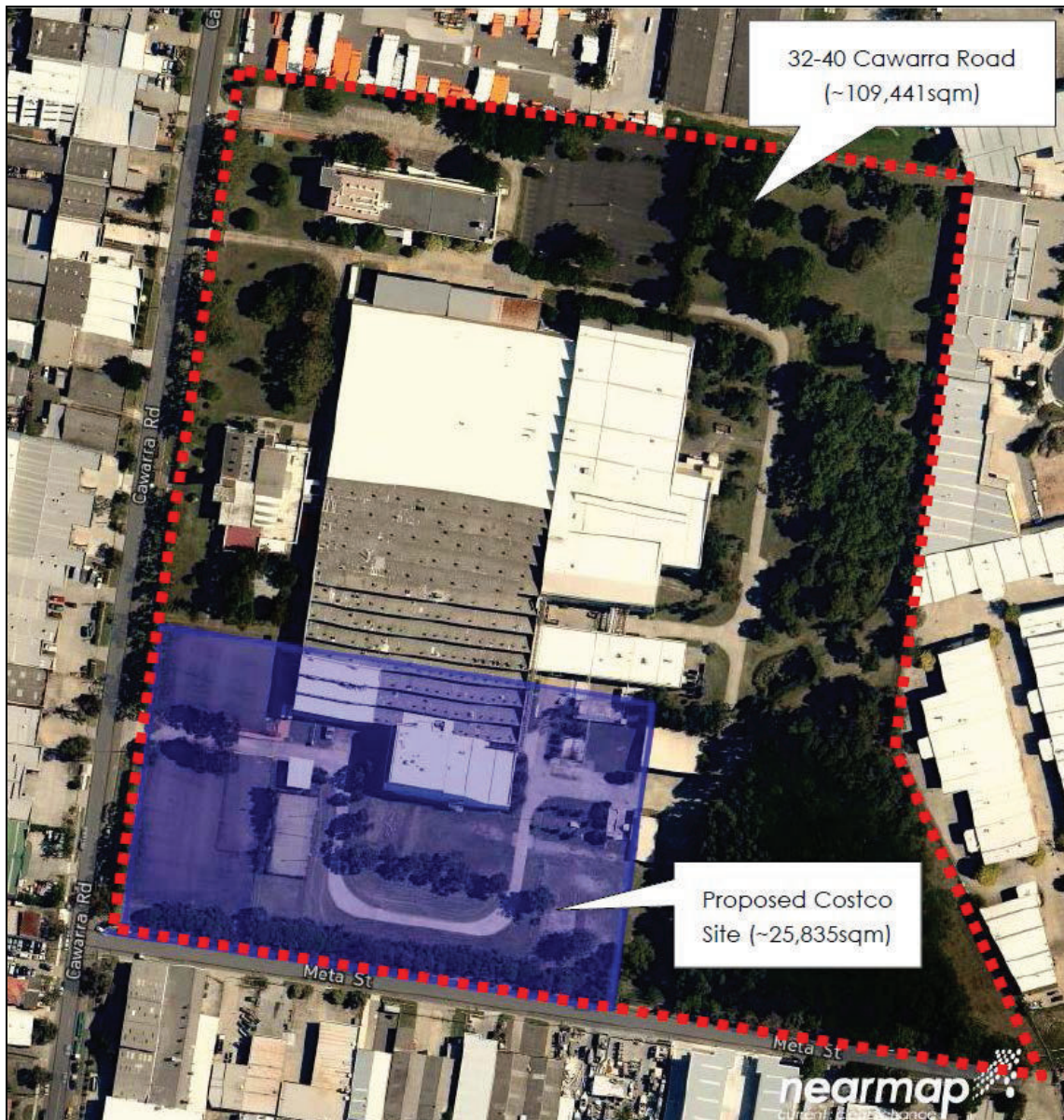
The surrounding properties predominantly include commercial and light industrial uses. The location of the site and its surrounding environs is shown in Figure 2.1 and Figure 2.2.

Figure 2.1: Site and Its Environs



(Reproduced with permission from Sydway Publishing Pty Ltd)

Figure 2.2: Subject Site in relation to the Existing Site



## 2.1 Road Network

### 2.1.1 Adjoining Roads

#### Captain Cook Drive

Captain Cook Drive is classified as a State Road (RMS Road No. 662) and in the vicinity of the site is aligned in an east-west direction.

#### Taren Point Road

Taren Point Road is classified as a State Road (RMS Road No. 199) and in the vicinity of the site is aligned in a north-south direction.

## Cawarra Road/ Meta Street

Cawarra Road and Meta Street are classified as Local Roads and in the vicinity of the site are aligned in a north-south and east-west direction respectively.

### 2.1.2 Surrounding Intersections

The following intersections currently exist in the vicinity of the site:

- Cawarra Road/ Meta Street (priority controlled)
- Captain Cook Drive/ Cawarra Road (signalised)
- Taren Point Road/ Captain Cook Drive (signalised).

## 2.2 Existing Road Network Capacity

GTA Consultants has reviewed a report undertaken by Colston Budd Hunt & Kafes Pty Ltd for the proposed extension to Caringbah Homemaker Centre dated January 2012. The existing Sidra modelling shows the following as summarised in Table 2.1.

**Table 2.1: Summary of Caringbah Homemaker Post Development Analysis**

Intersection	Post Development Level of Service
Taren Point Road / Parraweena Road [1]	C
Taren Point Road / Koonya Circuit	C

[1] Includes a right turn ban from Parraweena Road westbound into Taren Point Road northbound)

The analysis shows that following the development of the Caringbah Homemaker Centre, the nearby intersections are expected to operate satisfactorily.

The intersection of Taren Point Road / Captain Cook Drive is the largest intersection in the vicinity of the site. Taren Point Road South of Koonya Circuit currently caters for approximately 4,200 vehicles during the Weekday PM peak hour and approximately 4,000 vehicles during the Saturday midday peak hour<sup>1</sup>.

## 2.3 Previous Site Generation

To understand the order of magnitude of the traffic generation of the previous use on the site, a medicine manufacturing facility, GTA Consultants reviewed the RMS 'Guide to Traffic Generating Developments'. The guide specifies the following evening peak traffic generations:

- Industrial (Factory) - 1 peak hour vehicle trip per 100sqm Gross Floor Area(GFA);
- Warehouse – 0.5 peak hour vehicle trip per 100sqm GFA;
- Office - 2 peak hour vehicle trip per 100sqm GFA.

A desktop review indicates that the estimated floor area of the medicine manufacturing facility was as follows;

- Factory – 18,500sqm
- Warehouse – 5,500sqm

<sup>1</sup> Traffic Report for Proposed Extension to Caringbah Homemaker Centre, Colston Budd Hunt & Kafes Pty Ltd, January 2012, Table 3.1

- Office – 1,500sqm.

Based on the above information, it is estimated that the medicine manufacturing facility could have generated approximately 250 peak hour vehicle trips during the weekday evening peak hour. It is assumed that the facility was closed on Saturdays.

## 2.4 Car Parking

Car parking for the previous medicine manufacturing facility was provided on-site within two at-grade car parks. It comprised approximately 310 spaces.

## 2.5 Public Transport

A review of the public transport available in the vicinity of the site indicates that Sydney Buses service the area with bus route 477 operating between Miranda and Rockdale Station. A bus stop is located within the frontage of the site. Services operated approximately every 30 minutes on weekdays and Saturdays and hourly on Sundays.

## 2.6 Pedestrian and Cycling Infrastructure

Pedestrian paths are located along both sides of Cawarra Road and Captain Cook Drive.

Safe crossing points in vicinity of the site include the north, south and west legs of the Captain Cook Drive/ Cawarra Road intersection.

There are no off-road cycling paths in the vicinity of the site.

### 3. Sutherland Urban Activation Precinct

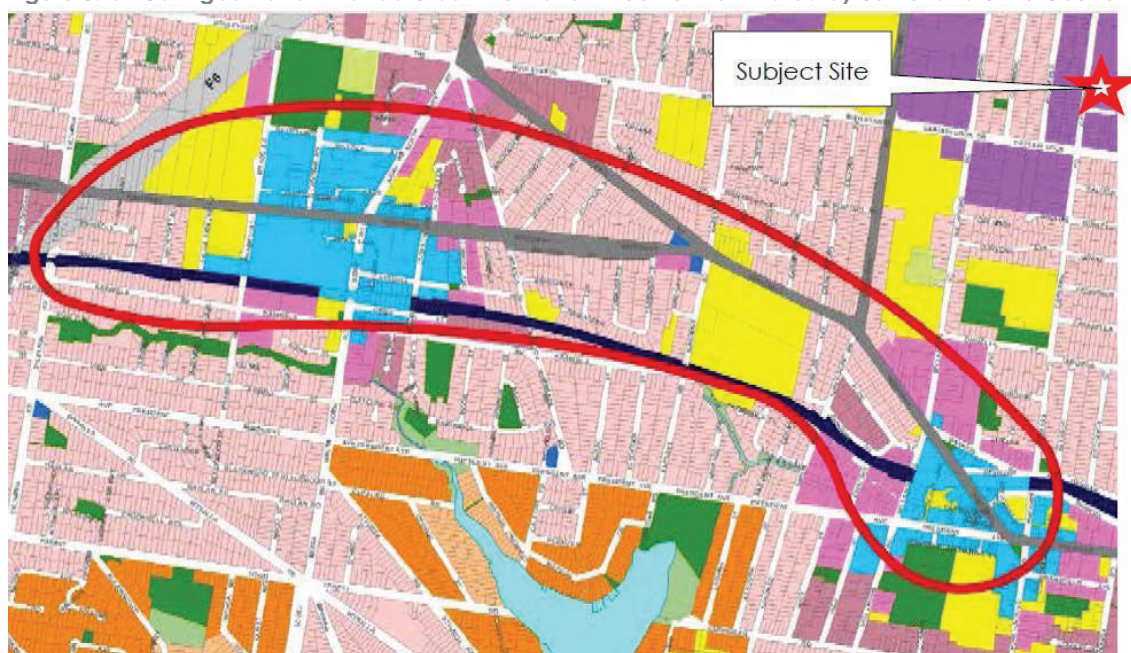
The NSW Government recently requested local Councils to nominate areas to be identified as Urban Activation Precincts.

*Urban Activation Precincts are a new initiative of the State Government that seek to facilitate growth in housing and jobs through a strategic, precinct based approach to planning. The aim is to create capacity for significant growth in locations that benefit from public transport and to deliver quality living environments and more employment opportunities. Growth will be backed up by State investment in infrastructure and grants to local government to meet local infrastructure needs<sup>2</sup>.*

Sutherland Shire Council has nominated two Urban Activation Precincts which are currently being considered by the State Government. These include an area of Caringbah and Miranda and an area of Sutherland / Loftus / Kirrawee.

The area of Caringbah and Miranda is shown in Figure 3.1.

**Figure 3.1: Caringbah and Miranda Urban Activation Precinct Nominated by Sutherland Shire Council**



Map Source: [http://www.sutherlandshire.nsw.gov.au/files/62145ea6-7d44-49b9-bdfe-a18c00f442ff/DAP0\\_Miranda\\_Urban\\_Activation\\_Precinct\\_Map.pdf](http://www.sutherlandshire.nsw.gov.au/files/62145ea6-7d44-49b9-bdfe-a18c00f442ff/DAP0_Miranda_Urban_Activation_Precinct_Map.pdf) (accessed 23/4/13)

Figure 3.1 indicates that the subject site is located outside the proposed Urban Activation Precinct. It is noted however that with an area-wide increase in density and development, the road and transport network will also have to be upgraded to cater for the anticipated increase in traffic development.

<sup>2</sup> [http://www.sutherlandshire.nsw.gov.au/Building\\_Development/Development\\_Requirements/Urban\\_Activation\\_Precincts](http://www.sutherlandshire.nsw.gov.au/Building_Development/Development_Requirements/Urban_Activation_Precincts)

## 4. Potential Site Use Based on Current Zoning

The existing site clearly has an existing planning use and these uses have been reviewed to understand what the traffic implications of this re-use are. Table 4.1 and Table 4.2 summarise the potential traffic generation of planning uses that are permitted to be developed on the site under the LEP 2006 and Draft LEP 2013. The assessment assumes the development would have the same area as proposed for the Costco store of approximately 15,800sqm.

**Table 4.1: Permissible Uses under LEP 2006 (not all uses included)**

Permitted Use	Classified Land Use	Estimated PM Trip Rate per 100sqm [1]	Trips Generated by 15,800sqm
Bulky Good Premises	Bulky Good Retail Outlet	2	316
Bus Depot	Road transport terminal	1	158
Child Care Centre	Child Care Centre	8.97 [2]	1,417 [4]
Convenience Store	Convenience store	0.66	105
Industry	Factory	1	158
Liquid Fuel Depot	Road transport terminal	1	158
Motor Showroom	Motor Showroom	0.7 (Site Area)	180
Passenger Transport Facilities	Road transport terminal	1	158
Recreation Facility	Gymnasium Metro Sub-Regional Areas	9	1,422 [4]
Repair Centre	Factory	1	158
Road Transport Terminal	Road transport terminal	1	158
Service Station	Service Station and Convenience Store	0.04 (Site Area) + 0.3 (GFA)	58
Warehouse	Warehouse	0.5	79
Place of Worship	Place of Assembly	9.5 [3]	1,501

[1] Guide to Traffic Generating Developments, RTA, October 2002

[2] Based on an area of 0.7 movements per child and 1 child per 7.8sqm

[3] Based on GTA Generation Database rate of 0.38 movements per person and 1 person per 4sqm GFA.

[4] It is recognised that it is unlikely that a child care centre or gymnasium would be of this GFA.

■ Uses that are also in the 2013 Draft LEP

**Table 4.2: Permissible Uses under LEP 2013 (not included in Table 3.1) (not all uses included)**

Permitted Use	Classified Land Use	Estimated PM Trip Rate per 100sqm [1]	Trips Generated by 15,800sqm
Business Premises	Commercial premises	2	316
Industrial Retail Outlet	Bulky Goods Retail Outlet	1	158
Light Industry	Factory	1	158
Office Premises	Commercial premises	2	316
Restaurant or Cafés	Restaurant	5	790
Self Storage Units	Warehouse	0.5	79

[1] Guide to Traffic Generating Developments, RTA, October 2002

Based on the permissible uses under the Draft 2013 LEP, the site could potentially generate varying levels of traffic.

## 5. Development Proposal

### 5.1 Land Use

The proposal includes the construction of a Costco store of approximately 15,800sqm of GFA.

### 5.2 Vehicle Access

A new 20m wide road is proposed to be constructed along the northern frontage of the Costco store with an access intersection at Cawarra Road. This new road would provide access to the Level P1 and Level P2 car parks via separate ramps, as well as the external loading dock, staff parking and fire brigade access.

### 5.3 Car Parking

The proposed development proposes to provide a total of 705 car parking spaces including accessible parking spaces. The breakdown of car parking spaces is as follows:

- 344 car parking spaces within Level P1 and the external staff car park; and
- 361 car parking spaces within Level P2.

### 5.4 Loading

There is a loading area currently proposed at the eastern end of the development, for use of vehicles up to and including 19.0m semi-trailer vehicles.

## 6. Parking and Access Provisions

### 6.1 Car Parking Provisions

The car parking requirements for different development types are set out in Sutherland Shire Council's Development Control Plan (DCP) 2006. The DCP does not include a rate for a Costco store type development due to its unique nature.

The proposed car parking provisions will be assessed at a later stage as part of the Development Application with comparisons to car parking provisions and operation of the existing Costco stores in Australia. However the level of parking proposed is consistent with other approved Costco stores.

All car parking will be provided on-site.

### 6.2 Access Provisions

The access provisions will be assessed in detailed at a later stage as part of the Development Application.

### 6.3 Loading Provisions

Loading provisions will be assessed at a later stage as part of the Development Application.

All loading will be provided on-site.

### 6.4 Bicycle End of Trip Facilities

The bicycle end of trip facility requirements for different development types are set out in Sutherland Shire Council's DCP 2006. A review of the bicycle parking rates indicates that for Industrial, Commercial and Business developments, bicycle parking should be provided as follows:

"1 bicycle parking spaces per 10 car parking spaces for the first 200 car spaces, then 1 space per 20 parking spaces thereafter. In addition, 1 unisex shower is required per 10 employees."

Bicycle end of trip facilities provisions will be assessed at a later stage as part of the Development Application.

## 7. Traffic Generation

RMS 'Guide to Traffic Generating Developments' does not specify trip generation rates for a Costco store.

In order to determine the trip generation of the Costco store, 2011 post opening traffic count data for the Costco Auburn store was used that states that during the Thursday PM and Saturday midday peak periods, 499 and 958 trips are generated per hour.

The proposed Caringbah store would be the third or fourth Costco store in the greater Sydney region. Based on the size of the Auburn store and the proposed Caringbah store, the current and future location of Costco stores in Sydney and the surrounding area, GTA Consultants estimates that traffic generated from the Caringbah store would be in the order of 65% of the Auburn store.

Based on this information, it is estimated that the site could potentially generate in the order of 330 and 630 vehicle movements (two-way) during the Thursday PM and Saturday midday peak hours respectively. A more detailed traffic assessment would be undertaken at a later stage.

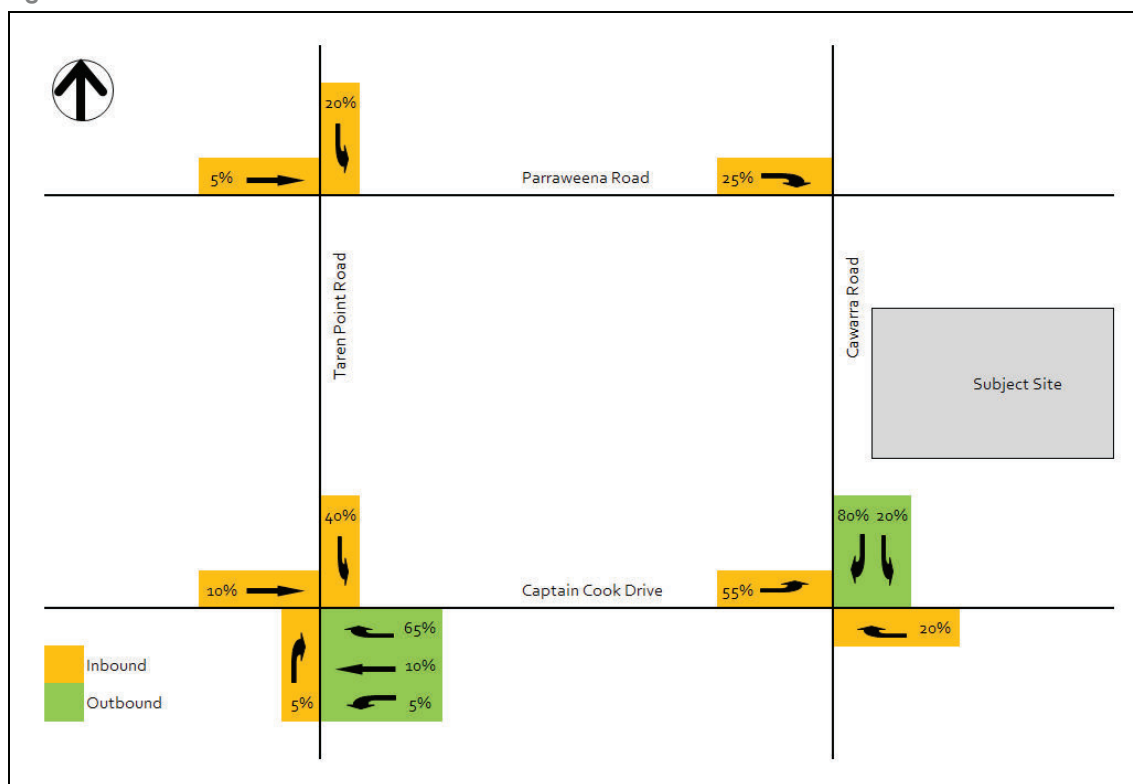
### 7.1 Distribution and Assignment

The directional distribution and assignment of traffic generated by the proposed development will be influenced by a number of factors, including the:

- i configuration of the arterial road network in the immediate vicinity of the site;
- ii existing operation of intersections providing access between the local and arterial road network;
- iii distribution of households in the vicinity of the site;
- iv configuration of access points to the site; and
- v proposed right turn ban from Parraweena Road westbound to Taren Point Road northbound.

Having consideration to the above, for the purposes of estimating vehicle movements, the assumed directional distributions are presented in Figure 7.1.

Figure 7.1: Estimated Directional Distribution



In addition, the directional split of traffic (i.e. the ratio between the inbound and outbound traffic movements) of 50% inbound and 50% outbound during the retail peak hours has been adopted for the purpose of the assessment.

In order to provide a conservative assessment at this stage, no vehicles have been shown exiting from the subject site to the north onto Cawarra Road. A more detailed assessment of the likely traffic distribution will be undertaken at a later stage considering all local traffic conditions and will be based on surveys of the local area. It is anticipated that the assessment will include a small percentage of exiting vehicles to the north of the site via Cawarra Road.

Based on the above, Figure 7.2 and Figure 7.3 have been prepared to show the estimated additional turning movements in the vicinity of the subject site upon completion.

Figure 7.2: Estimated Thursday PM Peak Hour Site Generated Traffic Volumes

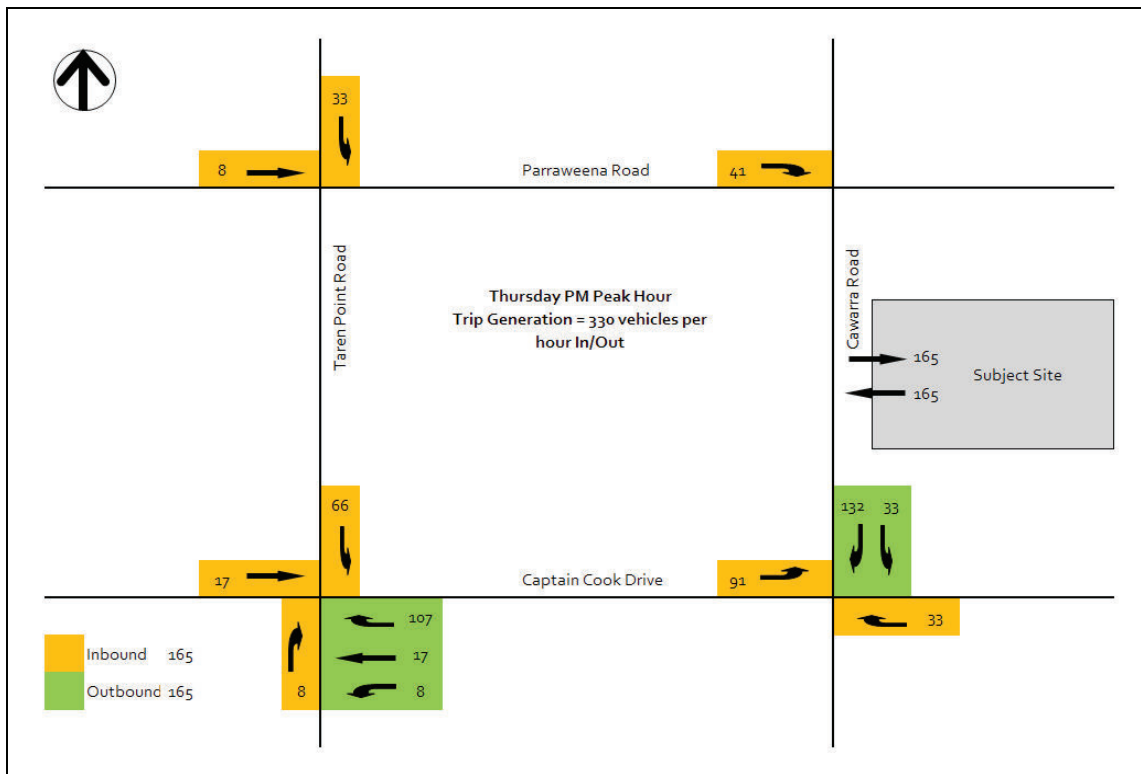


Figure 7.3: Estimated Saturday Midday Peak Hour Site Generated Traffic Volumes



Figure 7.2 and Figure 7.3 indicate that there are likely to be between 2 and 4 additional vehicles turning right at Captain Cook Drive onto Taren Point Road per minute. Further more detailed investigation will be required at the intersection of Taren Point Road / Captain Cook Drive to determine whether any upgrades would be required to support the development.

Also as identified in Table 4.1, as a point of comparison, should an office be constructed which could generate in the order of 316 vehicles during the Thursday PM peak hour, the proposed Costco development could be expected to generate on average an additional 1 vehicle every 2 minutes compared to that use.

## 8. Conclusion

The proposed development could potentially generate 330 and 630 vehicle trips during the Thursday PM and Saturday midday peak hours respectively. Under the current land use classification, a number of uses are permitted which could generate higher traffic than the historic use.

An assessment of the required car parking and loading requirements would be based on existing stores in Sydney and would be reviewed in more detail as part of the Development Application stage.

A detailed assessment of the proposed vehicle access arrangements to and from the Costco store will be required as part of the Development Application stage.

All car parking and loading activities would be provided on-site and no reliance of on-street spaces would be required. In addition, bicycle parking and access to public transport will also be considered in more detail at a later stage.

A more detailed traffic impact assessment will be required at a later stage and this would review in detail the anticipated impact on the surrounding road network. This would need to consider regional issues such as the State Government's consideration of the Caringbah and Miranda Urban Activation Precinct.

Subject to the future analysis and implementation of suitable road network improvements, the site is considered appropriate for rezoning and development at the scale proposed from a traffic and transport perspective.

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**Draft amendment No. 26 to Liverpool LEP 2008 - Part of Cross Roads Bulky Goods Precinct, Casula**

**Proposal Title :** Draft amendment No. 26 to Liverpool LEP 2008 - Part of Cross Roads Bulky Goods Precinct, Casula

**Proposal Summary :** The Planning Proposal seeks to permit Costco retail premises/warehouse within the Crossroads Homemaker Precinct at Casula, by adding additional uses for "retail premises", "business premises", "service stations" and "vehicle repair stations" on part Lot 200 DP 1090110 Beech Road, Casula in the Schedule 1 - Additional Use of the Liverpool LEP 2008.

The Planning Proposal is at Tag 1. The Site's locational context is shown at Tag 2 and an aerial photo is at Tag 3.

The rezoning application was supported by an economic impact assessment, flood assessment and preliminary traffic investigation (Tag 1).

**The site**

The land area subject to the proposal is approximately 5.9 hectares which forms part of the 17.6 ha "Cross Roads Homemaker" centre bulky goods precinct which is one of the largest homemaker centres in NSW consisting of a number of well known mid-large format bulky goods premises including Bunnings, Flower Power, The Good Guys, Freedom Furniture, Bing Lee and a 26 speciality stores. Further details of the site and the businesses on the site are at Page 130 of Council's City Planning Report dated 28 September, 2011, at Tag 1.

The land is currently zoned B5 Business Development under Liverpool LEP 2008 (zoning map at Tag 4) and "Cross Roads Homemaker" centre precinct is one of the 3 precincts identified by Liverpool Council as an appropriate cluster for bulky goods.

The site is vacant and cleared of any significant vegetation. The Planning Proposal will allow for a Costco retail warehouse to be constructed in the north western part of the Crossroads precinct.

Vehicular access to the site is via the internal road network within the Cross Roads precinct to Camden Valley Way and Campbelltown Road. There are no bus services that enter the crossroads precinct, however, the nearest bus stop is approximately 400 metres away on Camden Valley Way.

**PP Number :** PP\_2011\_LPOOL\_012\_00      **Dop File No :** 11/18412-1

**Proposal Details**

<b>Date Planning Proposal Received :</b>	<b>11-Oct-2011</b>	<b>LGA covered :</b>	<b>Liverpool</b>
<b>Region :</b>	<b>Sydney Region West</b>	<b>RPA :</b>	<b>Liverpool City Council</b>
<b>State Electorate :</b>	<b>MACQUARIE FIELDS</b>	<b>Section of the Act :</b>	<b>55 - Planning Proposal</b>
<b>LEP Type :</b>	<b>Spot Rezoning</b>		

**Location Details**

**Draft amendment No. 26 to Liverpool LEP 2008 - Part of Cross Roads Bulky Goods Precinct,  
Casula**

Street : Part of Lot 200 DP 1090110 Beech Road  
Suburb : Casula City : Liverpool Postcode : 2170  
Land Parcel : Located within the Crossroads Home Improvement Centre, Casula.

**DoP Planning Officer Contact Details**

Contact Name : Cho Cho Myint  
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Contact Email : chocho.myint@planning.nsw.gov.au

**RPA Contact Details**

Contact Name : Priya Uppal  
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**DoP Project Manager Contact Details**

Contact Name : Peter Goth  
Contact Number : 9873858900  
Contact Email : peter.goth@planning.nsw.gov.au

**Land Release Data**

Growth Centre :	N/A	Release Area Name :	N/A
Regional / Sub Regional Strategy :	Metro South West subregion	Consistent with Strategy :	No
MDP Number :		Date of Release :	
Area of Release (Ha) :		Type of Release (eg Residential / Employment land) :	N/A
No. of Lots :	0	No. of Dwellings (where relevant) :	0
Gross Floor Area :	13,500.00	No of Jobs Created :	250

The NSW Government Yes  
Lobbyists Code of  
Conduct has been  
complied with :

If No, comment :

Have there been  
meetings or  
communications with  
registered lobbyists? :

If Yes, comment : To the best of the knowledge of the regional team, the Department's Code of Practice in relation to communications and meetings with Lobbyists has been complied with. Sydney Region West has not met with any lobbyist in relation to this proposal, nor has the Regional Director been advised of any meetings between other departmental officers and lobbyists concerning the proposal.

## Supporting notes

Internal Supporting  
Notes :

### Proposed Zoning

The site is currently zoned B5 Business Development under Liverpool LEP 2008. The B5 Zone permits a number of uses relevant to Costco (including hardware, automotive supplies, furniture and household electrical goods) but does not support the proposed retail elements for the sale of books, apparel and jewellery etc. The site zoning map is at Tag 4.

The Costco proposal for the site will include approximately 13,500 square metres of general retail area, a tyre fitting service and a service station with over 600 car parking spaces. Council, therefore, seeks to amend Schedule 1 of the LEP to permit these additional uses on site for "retail premises", "business premises", "vehicle repair stations" and "service stations".

External Supporting  
Notes :

## Adequacy Assessment

### Statement of the objectives - s55(2)(a)

Is a statement of the objectives provided? Yes

Comment :

Council advises that the primary objective of this planning proposal is to facilitate the development for a Costco retail warehouse on the site.

The Costco business model is that of a "retail warehouse" which is not recognised as an individual form of land use/development under the Standard Instrument. These proposed uses would be defined as "bulky good premises", "retail premises", "business premises", "service station" and "vehicle repair station" under the Liverpool LEP 2008. Except for "bulky goods premises", other uses are currently not permissible within the B5 Business Development Zone in the LEP.

Costco stores typically operate from traditional purpose built retail warehouse buildings. It comprise a large retail floor plate and a number of ancillary uses/ services within its premises of approximately 13,500 sqm in area. These comprise:

- Small cafe
- Tyre centre - a drive-in tyre fittings and balancing facility;
- Optometrists - a reception kiosk and examination rooms;
- Photo processing;
- Hearing facility, hearing aid service/sales; and
- Service Station.

The general retail product range comprises; groceries, liquor, appliances, televisions and media, automotive supplies, toys, hardware, sporting goods, office supplies and office equipment, jewellery, cameras, books, homewares, apparel, health and beauty aids and furniture. Majority of these uses can be retailed under "bulky goods premises" under the current zoning.

It is considered that Council's statement of the objective is adequate.

### Explanation of provisions provided - s55(2)(b)

Is an explanation of provisions provided? No

Comment :

The aims of this planning proposal will be achieved through an amendment to Schedule 1 Additional Permitted Uses within the Liverpool Local Environmental Plan 2008 (LLEP 2008) by adding additional uses of "retail premises", "business premises", "service stations" and "vehicle repair stations". These uses are not permissible within the current B5 Business Development Zone.

Under the proposal, the current B5 Business Development Zone will be maintained and Council has advised that no changes are proposed to the zoning, floor space ratio, height of buildings or minimum lot sizes controls. No alterations are proposed to the LEP maps to facilitate the Planning Proposal.

It should be noted that Section 4.2.4 of the Planning Proposal (page 11) prepared by the consultants for Costco - JBA Planning (attached at Tag 1) seeks to amend the Flood planning area map (FLD - 013) as the proposed Costco site is no longer affected by flooding as a result of its preliminary flood assessment as well as Council's investigation. However, the Planning Proposal has not addressed the need for amending the Flood planning area map.

**Justification - s55 (2)(c)**

a) Has Council's strategy been agreed to by the Director General? No

b) S.117 directions identified by RPA :

1.1 Business and Industrial Zones

3.4 Integrating Land Use and Transport

\* May need the Director General's agreement

4.3 Flood Prone Land

6.1 Approval and Referral Requirements

7.1 Implementation of the Metropolitan Plan for Sydney 2036

Is the Director General's agreement required? Yes

c) Consistent with Standard Instrument (LEPs) Order 2006 : Yes

d) Which SEPPs have the RPA identified?

N/A

e) List any other matters that need to be considered :

The regional team agrees with Council that there are no inconsistencies with the relevant section 117 directions 3.4 Integrating Land Use and Transport and 6.1 Approval and Referral Requirements as identified by Council.

Further consideration is given to Directions 1.1 Business and Industrial Zones, 4.3 Flood Prone Land, 6.3 Site Specific Provisions and 7.1 Implementing the Metropolitan Strategy, as follows:

**1.1 Business and Industrial Zones**

The direction applies when a RPA prepares a planning proposal that will affect land within an existing business zone.

The Planning Proposal is technically inconsistent with clause (4)(c) of the direction as the proposal will reduce the total potential floor space area for employment uses that are permissible under the B5 zone.

Council has contended that the proposal is not inconsistent with the direction as it will broaden the range of employment generating uses and has the potential to create 250 equivalent full time jobs. While this is the case, the proposal - by its presence, to some extent, would reduce the ability of currently permitted uses under the B5 zone to be present on the site. However, as no zoning change is proposed and bulky goods will be continued to be permissible on the land, this extent is considered to be of a minor significance.

Should the Gateway determine that the proposal proceeds, it is considered that the inconsistency is of a minor nature and the delegate's endorsement is recommended on that basis.

**4.3 Flood Prone Land**

Council has advised that the western part of the land is identified as flood prone in the Liverpool LEP 2008 (Flooding map FLD 013 at Tag 5). However, Council's report advises that its survey in 2008 has established that the land is not within 1 in 100 year flood but has not proposed to amend the flooding map to reflect this.

A preliminary investigation of flooding on the site prepared by Mott MacDonald Trueman

(attached at Tag 1) also established that the site has been filled previously as part of the development of Cross Roads site and confirmed that the site is not affected by the 1% AEP flood. This has been agreed by Council engineers. The Planning Proposal report prepared by JBA has recommended for amendment to the LEP Flood planning area map (FLD 013) accordingly.

**Regional Team Comment:**

Council will need to amend the flood mapping accordingly to reflect the findings of these surveys.

The Planning Proposal, as submitted by Council, will permit development within flood planning area and, therefore, is inconsistent with the direction. There is no justification in the Planning Proposal of this inconsistency.

**6.3 Site Specific Provisions**

The direction requires that a Planning Proposal that will amend another environmental planning instrument (EPI), in this case Liverpool LEP 2008, in order to allow particular development to be carried out must either:

- (a) allow that land use to be carried out in the zone the land is situated on, or
- (b) rezone the site to an existing zone already applying in the environmental planning instrument that allows that land use without imposing any development standards or requirements in addition to those already contained in that zone, or
- (c) allow that land use on the relevant land without imposing any development standards or requirements in addition to those already contained in the principal environmental planning instrument being amended.

It is considered that the planning proposal is inconsistent with clauses (a), (b) and (c) (above).

**The proposal will:**

- (a) introduce a site specific permissible use that will not apply to the B5 zone across the LGA,
- (b) not rezone the site, and
- (c) allow the use of the site without introducing a site specific development standard (i.e. a particular overall floor area and tenancy specific floor area), not specifically and currently included in Liverpool LEP 2008.

**Regional Team Comment:**

After considering various options, Council is of the view that it is advantageous to retain the B5 zone to allow bulky goods retailing to remain a permissible future land use option and to add additional uses on the site rather than rezoning.

As discussed in the "Statement of Objectives" section, the Costco business model - a "retail warehouse", is not recognised as an individual form of development under the Standard Instrument definitions. Most uses proposed are generally consistent with the general character of the uses permissible within the B5 Zone, except for the proposed retail use, which is considered to be inconsistent with the objectives of the zone and problematic. Under these circumstances, the use of Schedule 1 is considered to be the best way to manage the Planning Proposal. It will allow the proposed uses to be carried out on the specific site rather than in all B5 Zones across the whole LGA. It may also allow the permissibility of retail to be qualified by ensuring that any retail use is accompanied by the other - zone consistent - uses. This will limit the risk of the site being used for stand alone retail purposes if the Costco DA does not proceed.

Should the Gateway determine that the proposal should proceed as proposed, this matter is considered to be of a minor nature and the delegate's approval to the inconsistency is recommended.

#### 7.1 Implementation of the Metropolitan Plan for Sydney 2036

Council considers that the proposal is consistent with the Metropolitan Plan.

##### Regional Team Comments:

The proposal is considered to be consistent with certain critical elements of the draft centres policy in the Metropolitan Plan as follows.

##### The Metropolitan Plan notes:

- . Liverpool is identified as the Regional City serving Sydney's south west and parts of the West Central Subregion. It is a major employment destination, transport hub and the main regional shopping centre for the south west. The Strategy notes that it is essential for growth opportunities to be nurtured to make the city increasingly attractive and retain its capacity for employment and investment growth. In doing so, improvements in job containment and promotion of equity of access to jobs will be anticipated, to support the substantial future population (p.34).
- . The Department of Planning and councils will use subregional strategies, local strategic planning and LEPs to carefully identify opportunities for new centres in existing urban areas that are distant from existing centres.
- . Consideration should also be given to the impact of a new centre upon facilities and services in existing centres (see action B3.1 of the 2036 Metropolitan Plan).
- . The Subregional planning and local planning to identify locations for subregional clusters for bulky goods which support the economic development of centres in those subregions.

The Economic Impact Assessment (attached at Tag 1), was prepared for Costco by Access Economics in terms of its impact upon the city centre and whether the subject site is suitable for the type of retail warehouse on the site.

The Access Economics considered that the proposal is consistent with the Metropolitan Plan's Strategic Directions B Growing and Renewing Centres (Objectives and Actions B1, B2 and B3) as follows:

- . the site is located within the B5 Business Zone and seems to be similar to many structural and operational characteristics with bulky goods retailing, which is permissible on the site;
- . the site is located within an Activity Centre - Cross Roads Homemaker Centre;
- . the sequential site assessment has established that there are no suitable alternative sites within nearby major or specialised centres, in addition it is considered that the Costco warehouse development will strengthen the existing Crossroads precinct; and
- . Costco Warehouse will act as a catalyst for visitors and future tenants to the Crossroads Homemaker Centre, which is currently considered to be under performing (vacant for the last 10 years) and includes a number of vacant units.

In terms of Strategic Directions E Growing Sydney's Economy (Actions and Objectives E1, E2 and E5) of the Metropolitan Plan for Sydney 2036, the Access Economic's assessment has concluded that the Planning Proposal:

- . will not significantly impact upon the land supply for economic activity and investment;
- . is expected to have a positive impact on the existing bulky goods precinct as the store will bring in a wider community in the City of Liverpool and beyond who might not otherwise visit the area;
- . is likely to stimulate tenant interest in the Crossroads precinct and provide 250 EFT jobs plus another 225 additional in-direct jobs within the South West Subregion.

The economic assessment considered that the land is unlikely to be suitable for traditional industrial uses as encouraged by the sub-regional strategy and the Planning Proposal will not lead to a reduction in employment opportunities within the Precinct. The Planning Proposal is site specific and will therefore ensure that the economic growth generated by a Costco Warehouse will be located within an existing activity centre.

The proposed development is therefore considered by the studies to be appropriate within the proposed location.

Detailed analysis and findings of the economic impact assessment is attached at Tag 1.

The Metropolitan Plan advises:

- . that retailing should be in centres and that these centres are to have at their disposal high capacity public transport services, and
- . that while bulky goods areas may cluster outside centres, these clusters are for bulky goods purposes and not for other retail uses.

Centres are seen as growing into viable mixed use locations. Although the Cross Road site is not within a centre, it is identified in the draft Subregional Strategy as a strategically located employment land. It is one of the areas (along with Orange Grove Road and Sappho Road precincts) zoned B5 under Liverpool LEP 2008 - and is one of the areas in the LGA with greatest potential to operate as a bulky goods cluster.

As discussed in the earlier sections, it is considered that most of the uses proposed by Costco on the site (e.g. appliances, furniture, television and media, hardware and automotive supplies etc.) are similar in structural and operational characteristics with bulky goods retailing, which are already operating on the site. Many of these uses can be retained under "bulky goods premises" under the current zoning.

Relevant extract for the Metropolitan Plan are at Tag 6.

Apart from "retail premises", other additional uses proposed (e.g. "business premises", "vehicle repair station" and "service station") are considered to be consistent with the uses which are generally permissible in the B5 Zones and the uses already operating in the precinct. The inconsistency of the Planning Proposal with the Metropolitan Plan for Sydney 2036 is, therefore, of a minor significance and is unlikely to undermine the strategic importance of the site as a bulky goods cluster.

Inconsistency with the direction

The direction 7.1 permits inconsistency with the direction only if the Relevant Planning Authority can satisfy the Director General (or delegate) that the extent of the inconsistency with the Metropolitan Plan is of:

- (a) minor significance, and
- (b) the planning proposal achieves the overall intent of the Plan and does not undermine the achievement of its vision, land use strategy, policies, outcomes or actions.

It is considered that the Planning Proposal is inconsistent with the direction, however, the inconsistency with the Metropolitan Plan for Sydney 2036 only relates to the retail uses (e.g. groceries, toys, jewellery and books etc.). Provided the proposed retail use is part of the other uses and Schedule 1 only allows this use in conjunction with other uses as part of one business, this inconsistency can be considered to be of a minor significance. Should the Gateway determine that the proposal proceeds, the delegate's endorsement is recommended on this basis.

Have inconsistencies with items a), b) and d) being adequately justified? Yes

If No, explain :

The proposal's supporting studies have adequately considered how the proposed Costco

**Draft amendment No. 26 to Liverpool LEP 2008 - Part of Cross Roads Bulky Goods Precinct, Casula**

can co-exist within an existing bulky good centre and has demonstrated how the proposal can contribute and encourage the existing centre to become a vibrant activity centre, should the proposal proceed.

**Mapping Provided - s55(2)(d)**

Is mapping provided? No

Comment : No mapping amendments are proposed by Council, as the current planning proposal does not entail any alterations to the zoning, floor space ratio, height of buildings or minimum lot size maps.

However, a site map, location aerial photo and zoning extract have been provided - which are sufficient for the purposes of the proposal.

As discussed in S117 Direction 4.3 Flood Prone Land, Flood Planning Map 13 will need to be amended as part of this Planning Proposal.

**Community consultation - s55(2)(e)**

Has community consultation been proposed? Yes

Comment : Council has advised: 'The Gateway Determination will stipulate the required community consultation. The written notice and display materials will be in accordance with the document 'A guide to preparing local environmental plans'.

**Additional Director General's requirements**

Are there any additional Director General's requirements? Yes

If Yes, reasons : There is a need for Council to review its commercial/retail activities and centres in the area. This matter is discussed further in the report.

**Overall adequacy of the proposal**

Does the proposal meet the adequacy criteria? Yes

If No, comment : This matter is further discussed.

**Proposal Assessment**

**Principal LEP:**

Due Date :

Comments in relation to Principal LEP : The Liverpool Principal LEP was made in August 2008. The planning proposal seeks to make an amendment to the Principal LEP.

**Assessment Criteria**

Need for planning proposal : Liverpool Council received an application to amend Liverpool Local Environmental Plan 2008 to facilitate a Costco retail premises on Part of Lot 200 DP 1090110 Beech Road Casula. The site is within the existing "Cross Roads Homemaker" centre bulky goods precinct.

The site is currently zoned B5 Business Development which does not permit the Costco proposal. Council has taken the view that it is preferable to facilitate the proposal by amending the Schedule 1 of the LEP to permit retail, business premises, vehicle repair station and service station is the appropriate mechanism to permit the proposal.

Council contends that by amending Schedule 1 of the LEP, the underlying zone is maintained (i.e. B5) and consequently, the ability to use the site for bulky goods retailing is

retained without requiring another subsequent LEP amendment, should this use be proposed in the future.

The Planning Proposal is not a result of any strategic study or report. The proposal is in response to an identified development opportunity on the site.

**Studies:**

The proposal is, however, supported by a number of studies, which include a sequential test, site suitability criteria and a net community benefit test. These studies are:

**Preliminary Flood Assessment**

This matter is discussed as part of the assessment under S117 Direction 4.3 Flood Prone Land in the "Justification - S55 (2)(c)" section. It is considered that the site is not flood affected and Council's Flood planning area map (FLD 013) needs to be amended.

**Economic Impact Assessment**

An Economic Impact Assessment has been prepared by Essential Economics (Appendix A of the Planning Proposal at Tag 1) and is discussed under S117 Direction 7.1 Implementation of Metropolitan Plan for Sydney 2036 in the "Justification - S55 (2)(c)" section.

The Economic Impact Assessment analysed the potential economic impacts associated with the construction and operation of a Costco Warehouse on the site. Overall, in terms of retail trading impact, it is considered to have a very low impact on the other centres within the retail trade area, including Liverpool CBD, and is not expected to lead to the loss of major tenants or a change in the role of other centres (refer to pages 30 to 39 of the Economic Impact Assessment). In terms of economic outcomes it is considered to generate considerable benefits for the precinct and for the wider community in the City of Liverpool and beyond (refer to pages 40 - 43 of the Economic Impact Assessment).

In accordance with the draft Centres Policy a sequential test assessment has been undertaken to assess whether there are any alternative sequentially preferable sites to the Crossroads Site for a Costco development. Several sites have been analysed using the site suitability criteria assessment (refer to Section 2, on pages 6 - 21 of the Economic Impact Assessment). These analysis presented that:

- . no alternative sites are available in surrounding centres such as Liverpool and Casula Mall, and other centres such as Campbelltown and Bankstown are not suitable to serve the required catchment;
- . the lack of alternative in-centre sites reflects the normal difficulty in identifying large development sites of around 4ha or more in the established urban area;
- . where large properties can be identified, they are typically unsuitable because of other factors such as the location, poor regional transport access, or simply because they have a current use and are not available for redevelopment;
- . the opportunity to consolidate land is usually not possible in major centres such as Liverpool where the land costs would make a Costco development unviable;
- . edge-of-centre sites identified are considered unsuitable because they involve high development cost (e.g. El Toro estate), do not have good exposure to the regional catchment (e.g. Bridges Road, Moorebank), or have interface issues with adjoining residential land (e.g. Memorial Drive); and
- . alternative out-of-centre sites identified are generally unsuitable because they have poor exposure to the regional catchment and are too small, have existing uses, or have interface issues with adjoining uses.

Overall, the analysis by Essential Economics supports the conclusion that the subject land is an appropriate location for the proposed development, and performs well when assessed against the Site Suitability Criteria.

Extracts from the Centres Policy related to the requirement of Sequential Test, Site Suitability Criteria, Net Community Benefit Test and the 6 key principles of the Centres Policy are attached at Tag 10.

#### Community and Economic Benefit

A Net Community Benefit Test was provided (refer to Section 5, on pages 40-43 of the Economic Impact Assessment at Tag 1). It is considered that the Planning Proposal will result in a net community benefit by facilitating a new development which will generate a number of social and economic benefits for the precinct and the wider community in the City of Liverpool and beyond.

#### Metropolitan Plan for Sydney 2036

The Metropolitan Plan identifies the site as an existing Neighbourhood Centre and existing zoned employment land. Council has advised that, with the proposed Costco store having the potential to create approximately 250 full time employment positions, the proposed development satisfies the goal of providing jobs in an employment zone.

Further, the development will support the viability of Crossroads as bulky goods centre due to increased consumer exposure. The Planning Proposal states that an expected 670,000 shoppers would visit a Costco in this location annually. More detailed assessment against the Metropolitan Plan is discussed in the S117

Direction 7.1 Implementation of Metropolitan Plan for Sydney 2036 of "Justification - S55 (2)(c)" section.

#### Draft South-West Subregional Strategy, 2007

In considering the provisions of the draft South-West sub-regional strategy, JBA notes that the Planning Proposal is acceptable in the following respects:

- . the strategy identifies the Cross Roads site as being a bulky goods cluster and that consideration should be given to expanding the bulky goods retail offer in this location, whilst limiting expansion in other locations;
- . Retail Activity is encouraged to be concentrated in Business Development Zones and Enterprise Corridors;
- . Crossroads is identified as land to be retained for industrial purposes, particularly, for freight and logistics and bulky goods;
- . The Strategy resists the expansion of bulky goods uses at Crossroads as it considered that it would potentially alienate industrial land uses, however, notes that whilst a third of the land has been developed with bulky goods retailing, the remainder is vacant which indicates that there is little market demand for the vacant sites for these type of uses; and
- . Despite the strategy resisting further retail specifically at Crossroads, it acknowledges that retail activity is an appropriate use within a B5 Business Development zone.

The Planning Proposal seeks to extend the range of permissible uses on the site to include retail premises to specifically enable a Costco Warehouse development to be constructed on the Site. A Costco Warehouse development has many similarities with typical bulky goods retail units and is considered an appropriate use on the Site. A sequential assessment of alternative sites has found that no alternative sites are available or suitable for a Costco development within surrounding centres.

Extracts from the Draft South-West Subregional Strategy, 2007, is at Tag 7.

Liverpool Retail Hierarchy Study (Leyshon Consulting 2006)

The Liverpool City Retail Centres Hierarchy Review conducted by Leyshon Consulting in 2006 identified Crossroads Homemaker Centre as a 'Bulky Goods' specialist centre. Even though the proposal is not in accordance with the traditional "Bulky Goods" premises, Council has advised that "...it is deemed acceptable considering that consumer behaviour for the Costco model somewhat reflects that for bulky goods premises as evidence with high percentage of trips are made by private vehicles, the quantities bought to take advantage of reduced pricing, and the trade catchment of the store exceeds that compared to traditional core retail premises".

Council further considered that:

- . the proposal is an employment generating use within a large floor plate format;
- . the site has been vacant and underutilised for approximately ten years;
- . the proposed development will provide a range of products and a new retailing format opposed to the current situation;
- . the site is ideal to cater for the needs of the regional catchment in South West Sydney with access to arterial road network and bus services from Camden Valley Way; and
- . the 'loss' of land for bulky goods development can be planned for in future release areas in the South West Growth Centre or through the upcoming review of commercial centres hierarchy due to be completed in 2012.

Details of Council's assessment against the Liverpool Retail Hierarchy Study is on page 146 of the Council's Planning Proposal at Tag 1.

Preliminary Traffic Assessment Report (Halcrow, February 2011)

Halcrow has undertaken a preliminary traffic assessment to assess the likely traffic implications of the development of a Costco Warehouse on the Site to support the Planning Proposal. The traffic report considered that that the Planning Proposal would be unlikely to have an significant impact on the road network. Furthermore, intersection improvements (if required following traffic modelling at the DA stage) would only likely be required to the connections onto the wider road network, where additional lanes may be necessary and the internal intersection at Beech Road/Parkers Farm Place may need to be changed to a traffic signal. Further details of the traffic assessment is attached to Council's Planning Proposal at Tag 1.

Planning Team Comments:

It is agreed that:

- . the consumer behaviour and nature of the Costco model generally reflects the nature and behaviour for bulky goods premises;
- . a sequential site analysis test submitted with the proposal confirms that there is a lack of alternative sites and that a retail premises of this nature would improve the viability of the Cross Roads Homemaker Centre;
- . the site has been vacant and underutilised for approximately ten years and the proposed development will enable a new retailing format opposed to the current situation;
- . the site is suitable to cater for the needs of the regional catchment in South West Sydney with access to regional and arterial road network and bus services from Camden Valley Way;
- . the 'loss' of land for bulky goods development on the site is negligible because the proposed uses are essentially the same as the uses which are otherwise permissible in existing zone and are already operating within the Cross Roads Homemaker (bulky goods) Precinct; and
- . the Planning Proposal will result in a net community benefit by facilitating a new development which will generate a number of social and economic benefits for the local area and beyond.

Council has several Planning Proposals (see locations at Tag 8) in the process that have been endorsed to proceed by the Gateway, that:

- (1) rezone land from the B5 Business Development Zone to B6 Enterprise corridor at Orange Grove, including lifting the maximum gross floor area from 1,000 sqm to 1,600 sqm for retail development within the B6 Zone;
- (2) create a B6 Zone Enterprise Corridor Zone at Newbridge Road, Moorebank;
- (3) create a B6 Enterprise Zone at Heathcote Road, Moorebank; and
- (4) to permit additional retail use to the existing bulky good zoned premises at Orange Grove Road, Warwick Farm.

Council has advised that the loss of land for bulky goods in the LGA will be addressed as part of its upcoming review for commercial centres hierarchy due to be completed in 2012.

Submission from SJB Planning (copy at Tag 9)

Liverpool Council has received a letter from SJB Planning (consultants for Orange Grove Planning Proposal PP\_2011\_LPOOL\_010\_00) dated 28 September, 2011, with regards to the retail potential on Costco Planning Proposal. SJB Planning raises no objection to the Planning Proposal, however, has raised concerns such a decision may:

- . impact on the retail hierarchy of centres; and
- . divert investment from Centres from a retail and business premises perspective.

SJB further emphasised that the technical reports for Cross Roads were based on:

- . a specific Costco outlet;
- . no restriction or application of the proposed uses on the Cross Roads Homemaker site;
- . lack of independent review on the potential impact on the proposed rezoning; and
- . inconsistency with Council dealing with the two Planning Proposals - Orange Grove Road and Cross Roads.

SJB requested that to ensure a consistent and equitable approach to the strategic assessment of Planning Proposals it is considered that Council should, prior to adopting the recommendation and referring it to the Department of Planning and Infrastructure for gateway determination as follows:

- undertake an independent review of the retail impact assessment;
- impose a restriction on the amount of floor space that can be used for retail purposes proposed consistent with the size of the development contemplated;
- impose a restriction to a single tenancy with a floor space of no less than 13,000 sqm; and
- . to ensure the current Planning Proposal applies to the identified location to avoid the application of the new uses to the whole Cross Roads Homemaker precinct.

SJB is concerned that this may lead to retail premises also becoming permissible on the balance of the site which is currently zoned IN3 Heavy Industrial.

It is considered that SJB's two latter recommendations are valid and are supported (see comments below).

Comment:

It is acknowledged that the Liverpool principal plan was made in 2008 and that it is

**Draft amendment No. 26 to Liverpool LEP 2008 - Part of Cross Roads Bulky Goods Precinct, Casula**

reasonable for amendments to be made to the plan over time. However, the number of planning proposals (above) may indicate that there is a need for Council to consider a review of its commercial/retail hierarchy and centres, and its ability to ensure that sufficient land is maintained for future bulky goods retailing (or changing needs) to ensure that there is a contemporary and robust strategic base for future decisions. In this light, it is proposed that the Planning Proposal proceed but not be finalised until this broader study is undertaken. In addition, to address the SJB's two latter recommendations, the proposed Schedule 1 should be conditioned as discussed earlier in this report.

Consistency with strategic planning framework :

The proposed Costco store having the potential to create approximately 250 full time jobs satisfies the goal of providing jobs in an employment zone and is consistent with the objectives in the Metropolitan Plan for Sydney 2036 and the draft South West Subregional Strategy for Cross Roads site.

These are discussed in detail under the headings "Need for planning proposal" and "Justification - s55(2)(c)" section.

Environmental social economic impacts :

Discussed in detail in the "Need for planning proposal" section.

## Assessment Process

Proposal type :	<b>Consistent</b>	Community Consultation Period :	<b>28 Days</b>
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Timeframe to make LEP :	<b>12 Month</b>	Delegation :	<b>DDG</b>
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Public Authority Consultation - 56(2)(d) :	<b>Office of Environment and Heritage</b> <b>Integral Energy</b> <b>NSW Fire Brigades</b> <b>Roads and Traffic Authority</b> <b>Sydney Water</b> <b>Waste Service NSW</b> <b>Adjoining LGAs</b>
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Is Public Hearing by the PAC required?	<b>No</b>
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(2)(a) Should the matter proceed ?	<b>Yes</b>
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If no, provide reasons :

Resubmission - s56(2)(b) : **No**

If Yes, reasons :

Identify any additional studies, if required. :

**Other - provide details below**

If Other, provide reasons :

Identify any internal consultations, if required :

**No internal consultation required**

Is the provision and funding of state infrastructure relevant to this plan? **No**

If Yes, reasons :

## Documents

Document File Name	DocumentType Name	Is Public
Tag_3_-_Aerial_map_showing_the_site.pdf	Map	Yes
Tag_4_-_Land_Zoning_map.pdf	Map	Yes
Tag_5_-_Clause_7.8_Flooding_of_Liverpool_LEP_2008.doc	Proposal	Yes
Tag_5_-_Flooding_map_FLD_013.pdf	Proposal	Yes
Tag_6_-_Relevant_Objectives_from_the_Metropolitan_Plan_for_Sydney_2036.pdf	Proposal	Yes
Tag_8_-_Diagram_showing_locations_of_other_relevant_Planning_Proposals.pdf	Map	No
Tag_9_-_SJB_Planning_letter_dated_28_September_2011.pdf	Proposal	No
Tag_2_-_Locational_map.pdf	Map	Yes
Tag_1_-_Planning_Proposal_(JBA_Planning_Report).pdf	Proposal	Yes
Tag_1_-_Planning_Proposal_(Economic_Impact_Assessment_Part_2).pdf	Proposal	Yes
Tag_1_-_Planning_Proposal_(Preliminary_Traffic_Assessment).pdf	Proposal	Yes
Tag_1_-_Council's_Covering_Letter_for_the_Planning_Proposal.pdf	Proposal	Yes
Tag_10_-_Extracts_from_draft_Centres_Policy.pdf	Determination Document	No
Tag_7_-_Extracts_from_Draft_SWSubregional_Strategy.pdf	Proposal	Yes
Tag_1_-_Planning_Proposal_(Flood_Assessment).pdf	Proposal	Yes
Tag_1_-_Planning_Proposal_(Economic_Impact_Assessment_Part_2).pdf	Proposal	Yes
Tag_1_-_Council's_Planning_Report.doc	Proposal	Yes
Tag_1_-_Council's_Planning_Proposal_Report_-_Costco.doc	Proposal	Yes

## Planning Team Recommendation

Preparation of the planning proposal supported at this stage : **Recommended with Conditions**

S.117 directions:

- 1.1 Business and Industrial Zones
- 3.4 Integrating Land Use and Transport
- 4.3 Flood Prone Land
- 6.1 Approval and Referral Requirements
- 7.1 Implementation of the Metropolitan Plan for Sydney 2036

Additional Information : It is recommended that the proposal proceeds with the following conditions:

- (1) The Director General's delegate agrees that any inconsistency with section 117 directions:
  - . 1.1 Business and Industrial Zones;
  - . 4.3 Flood Prone Land; and
  - . 6.3 Site Specific Provisions;
  - . 7.1 Implementation of the Metropolitan Plan for Sydney 2036;
 are justified as minor matters.
- (2) Further, the Planning Proposal is to be amended to ensure
  - . development occurs on the identified site;
  - . allowing retail uses only when it is in conjunction with other uses as part of one business;
  - . a minimum floor plate of 13,000 sqm
  - . the flood planning/policy area applying to the site on the Flood

planning area map - 013 is to reflect the investigation carried out by Council

in consultation with the regional team;

- (2) Community consultation for 28 days;**
- (3) Consultation with the Roads and Traffic Authority, NSW Fire Brigades, Integral Energy, Sydney Water, Waste Service NSW and adjoining local government councils.**
- (4) The timeframe for completing the local environmental plan is to be 12 months from the week following the date of the Gateway determination.**

In view of a number of recent Liverpool planning proposals involving centres, it would be appropriate for Council to prepare a commercial hierarchy and centres review to ensure that sufficient land is maintained for future bulky goods retailing (or changing needs) to ensure that there is a contemporary and robust strategic base for future decisions. This study should be prepared before the Planning Proposal is finalised.

Supporting Reasons :

**It is considered that:**

- the consumer behaviour and nature of the proposed Costco model reflects the nature and behaviour for bulky goods premises;
- the 'loss' of land for bulky goods development on the site is negligible because the proposed uses are essentially the same as the uses which are otherwise permissible in existing zone and are similar in nature;
- a sequential site analysis test submitted with the proposal confirms that there is a lack of alternative sites and that a retail premises of this nature would improve the viability of the Cross Roads Homemaker Centre;
- the site has been vacant and underutilised for approximately ten years and the proposed development will enable a new retailing format opposed to the current situation;
- the site is suitable to cater for the needs of the regional catchment in South West Sydney with access to regional and arterial road network and bus services from Camden Valley Way; and
- the Planning Proposal will result in a net community benefit by facilitating a new development which will generate a number of social and economic benefits for the local area.

Signature:

Derryn John - DERRYN JOHN

Printed Name:

21/10/11 Date: \_\_\_\_\_