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Planning Proposal

Submission in response to Council officer's report

Marsden Park Costco Warehouse

Submitted to Blacktown City Council
On Behalf of Costco Wholesale Australia Pty Ltd

November 2013 ■ 12003

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08/11/2013

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A Supplementary Traffic Report
GTA Consultants

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1.0 Introduction

This submission has been prepared by JBA on behalf of Costco Wholesale Australia Pty Ltd (Costco) in regards to Blacktown City Council Officer's recommendation to refuse the Planning Proposal to amend *State Environmental Planning Policy (Sydney Region Growth Centres) 2006* to enable a Costco Warehouse development in the Marsden Park Bulky Goods Precinct (see **Figure 1**).

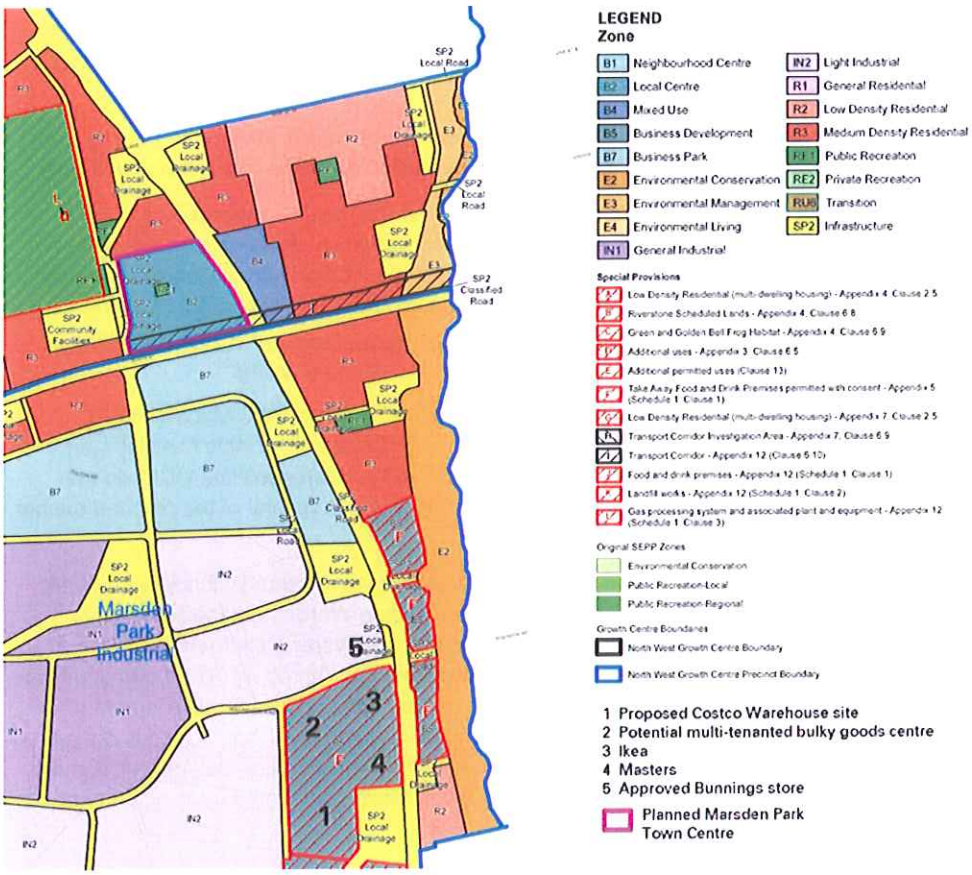

Figure 1 – Proposed Costco Warehouse site in Marsden Park Bulky Goods Precinct in relation to planned Town Centre

The Planning Proposal seeks to enable a Costco Warehouse development on the site by including retail premises' and vehicle repair stations as additional permitted uses on the site under Schedule 1 (Additional Permitted Uses) of Appendix 5 (Marsden Park Industrial Precinct Plan) of *State Environmental Planning Policy (Sydney Region Growth Centres) 2006* (the Growth Centres SEPP).

A report has been prepared by Council's Director City Strategy and Development recommending refusal of the Planning Proposal. The report was due to be reported to Council on 23 October 2013 but was deferred on request of the applicant. The primary reason given for refusal was Council's view that the proposed location for the development was not the most appropriate location for it. Council's preference is for the Costco Warehouse to be located in the planned Marsden Park Town Centre almost 2 kilometres to the north of the selected site. The Town Centre is zoned B2 Local Centre under the Growth Centres SEPP.

It is JBA's view that the selected site in the Marsden Park Bulky Goods Precinct is the most appropriate location for the Costco Warehouse store to support the increasing population in the North West Growth Centre for the following reasons:

- The Department of Planning and Infrastructure (the Department) has previously indicated (when issuing its Gateway Determination for the Costco Warehouse at

Casula which is also located in a B5-zoned bulky goods precinct) that a Costco Warehouse has many of the characteristics of a bulky goods premises, and is more appropriately located in a bulky goods precinct. The Department of Planning has consistently advised Costco of its desire that Costco co-locate in Bulky Goods clusters.

- The Bulky Goods Precinct in which the Costco Warehouse is proposed is already planned to accommodate a number of other bulky goods uses including an Ikea and Masters store (with a Bunnings store approved just to the north). Therefore, the location of a Costco Warehouse store in proximity to these other bulky goods uses will provide a number of co-location benefits, and is expected to result in a number of economic benefits.
- The precinct planning for the Marsden Park Bulky Goods Precinct is already well-advanced, and can readily support a new Costco development in the near future.
- It is not considered that the proposed LEP Amendment to support a Costco Warehouse use in the Bulky Goods Precinct would result in any unacceptable precedent being set. The Planning Proposal is specifically for a Costco use which is very different from a standard retail use and should be assessed on its merits.

There are also a number of strong arguments against locating a Costco Warehouse development in the planned Marsden Park Town Centre including:

- The urban design controls for the Town Centre in Schedule 3 Marsden Park Precinct of the Blacktown City Council Growth Centres Precincts Development Control Plan 2010 (as amended in October 2013) (Marsden Park DCP) do not support the scale and format of a Costco Warehouse on any of the planned anchor sites within the Town Centre.
- The Town Centre is clearly identified as a walkable community focuses on public transport use. This is inconsistent with the Costco Warehouse model which is based on customers using vehicles to access the Warehouse to make bulk purchases. A Supplementary Traffic Assessment prepared by GTA Consultants is included at **Appendix A.** GTA (who have been involved in the assessment of Costco traffic and transport patterns for over 4 years) note that Costco is not a traditional retail function which would sit well in a town centre, beings as it is more like a bulky goods operation which is almost totally dependent upon customers arriving and transporting their goods by car.
- The timeframe of the intended delivery of the Town Centre under the Marsden Park Services Implementation Plan 2012 (Implementation Strategy) forecasts the delivery of the Town Centre by the earliest in 2032. It is unrealistic to expect the delivery of a Costco Warehouse for the North West Growth Centre to be delayed until then. This does not promote the orderly nor efficient use of Marden Park bulky goods land that is soon to be serviced and is capable of accommodating a Costco development
- The land identified as a Town Centre is currently held in fragmented ownership which could preclude the development of the Town Centre in accordance with the indicative layout shown in the Marsden Park DCP. Further, a transport corridor has been reserved in the southern portion of the Town Centre which may reduce the developable footprint in the Centre.

The above points are explored in detail below.

In addition, Council's suggestion that the location of the proposed Costco Warehouse within the Marsden Park Bulky Goods Precinct would have unacceptable economic impacts is not supported by the findings of the Costco Marsden Park Economic Impacts Assessment (EIA) which was submitted with the Planning Proposal. In response to Council's Planning Report recommending refusal of the Planning Proposal, a further consideration of economic impacts (Supplementary EIA) - including those associated with locating a Costco in the Marsden Park Town Centre - is provided at **Appendix B**. This additional assessment demonstrates that the proposed Costco in

the Bulky Goods Precinct would result in no more than a 1.5% reduction in retail spending in the Town Centre, which would be offset by the an increase in 33,500 (annual) visits to the Town Centre from Costco customers.

2.0 Why the proposed location in the Bulky Goods Precinct is the most appropriate

2.1 Characterisation of Costco Warehouse Use

In the Planning Report to Council recommending Council refuse the Planning Proposal for the Costco Warehouse development in Marsden Park, Council officers suggest that the Costco Warehouse use is *'a composite of a supermarket (such as Coles), and a discount department store (such as K-Mart) under one roof, with other business services* provided' and suggest a Costco can be compared to other large retail uses within Major Centres such as a Myer, David Jones, Kmart, Target or Big W department store. This characterisation is incorrect, and does not consider the unique Costco model which unlike a Coles or Kmart (for example) operates as a members-only retail warehouse which generally provides for the bulk sale of items. As noted in the Supplementary EIA, Council itself has acknowledged that a Costco Warehouse which typically carries only 4,000 products differs from a supermarket which carries over 30,000 products.[1]

Table 1 below is a replication of a publication entitled 'Retail Format Comparison' prepared by the Bulky Goods Retailers Association and compares Costco's business model to bulky goods retailing and standard retailing. It demonstrates that a Costco Warehouse is more closely aligned with bulky goods retailing than a standard retail use.

Table 1 – Retail format comparison

	Bulky Goods Showroom	Core Retailing	Costco
Location	▪ 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 ▪ Generally located on major arterial roads due to exposure to passing traffic, accessibility for customers by car and public transport	▪ Centrally within principal activity centres due to restrictions on retail uses outside of highest priority land zonings	▪ Located on edge or outside of town! City retail centres. ▪ Located with major arterial road access, due to exposure, passing traffic and accessibility for customers.
Merchandise	▪ Generally large items in terms of size, shape and weight	▪ Generally small items in terms of size, shape and weight.	▪ Mix of large and small items ▪ Small items are generally sold in bulk
Products	▪ Generally 'homemaker' products including	▪ Generally' everyday needs' products principally including	▪ 'Homemaker' products such furniture,

[1] Planning Team Report *'Draft Amendment No 26 to Liverpool LEP 2008 – Part of Cross Roads Bulky Goods Precinct, Casula'* 21 October 2001, page 3

	furniture, electrical, furnishings, bedding, building materials, household fixtures and fittings	food and clothing, general retail products and services	appliances, televisions and media products, hardware and tools, automotive supplies, bedding and office equipment ▪ Staple 'everyday needs' goods such as food and drink (generally bulk packaged) and health and beauty aids ▪ Additional product lines such as camera's jewellery, books, sports goods.
Display Requirements	▪ Large floor plates required for the storage, of handling and display of bulky items ▪ Typical tenancy area of 1,000-3,500m² for major tenants and 300-500m² for minor tenants ▪ Typical ceiling height of 4.5-6.0m for storage and display of products in industrial racking	▪ Small floor plates for majority of tenants ▪ Typical tenancy area of 80-120m² for the majority of tenants ▪ Typical tenancy area of 3,500-5,000m² for major anchor tenants within shopping centres (include super markets and department stores) ▪ Typical ceiling height of 3.0-3.6m for display of products in standard shop fittings.	▪ Large floor plate required ▪ Typical retail GFA of between 13,500m² in a 1 storey freestanding warehouse building ▪ Typical ceiling height of 7m in main sales floor ▪ Display of products in tall steel racking and on pallets
Customer Visitation	▪ Infrequent/destination trip ▪ Consideration capital investment ▪ Low volume of average customers per day ▪ Generally short period of stay for sole purpose of acquiring goods	▪ Frequent/impulse trip ▪ Everyday needs ▪ High volume of average customers per day on average 3-4 times the population density of bulky goods showrooms ▪ Generally longer	▪ Business members will shop frequently ▪ Individual members will generally shop once or twice per month for grocery items ▪ Infrequent/destination trips for larger 'homeware' items ▪ As a membership

		period of stay associated with lifestyle shopping, leisure, dining and entertainment facilities provided within shopping centres	retailer, impulse buying is less typical

The Department has previously acknowledged the unique nature of a Costco Warehouse. In issuing its Gateway Determination for the Costco Warehouse at Casula, the Department noted that a Costco Warehouse does not fit easily within any land use definition under the Standard LEP Instrument. Like the proposed Costco Warehouse in Marsden Park, the Planning Proposal for the Costco Warehouse at Casula sought to amend *Liverpool Local Environmental Plan 2008* (Liverpool LEP 2008) to permit a Costco Warehouse in the B5 Business Development zone by adding additional uses for 'retail premises', 'business premises, 'service stations' and 'vehicle repair stations' in Schedule 1 – Additional Use of the Liverpool LEP 2008.

The B5 zone under the Liverpool LEP 2008 primarily supports bulky goods uses with its primary objective being:

> *To enable a mix of business and warehouse uses, and bulky goods premises that require a large floor area, in locations that are close to, and that support the viability of, centres*

This is exactly the same objective that applies to the B5 zone under the Growth Centre SEPP. In other words, both the B5 zone in the Liverpool local government area (LGA), and the B5 zone in Marsden Park Bulky Goods Precinct support a mix of business including bulky goods precinct.

When considering the Planning Proposal to locate a Costco Warehouse in the B5 zone within the Liverpool LGA, the Department determined that '*most uses proposed [within the Costco Warehouse] are consistent with the general character of the uses permissible within the B5 Zone*[2], and noted that '*the consumer behaviour and nature of the proposed Costco model reflects the nature and behaviour for bulky goods premises*[3].

Similarly, the Costco warehouse in Auburn is located in a B6 Enterprise Corridor zone (a zoned which supports bulky goods uses but not retail premises) and was facilitated by a site-specific Concept Plan to allow a Costco use on the site.

There is no material difference between the approved Costco Warehouse at Casula, and that proposed in the Marsden Park Bulky Goods Precinct. Therefore, it is appropriate to apply a consistent land use and zoning approach to the Costco Warehouse development, and permit the land uses associated with a Costco Warehouse as additional permitted uses in the B5 Zone under the Growth Centre SEPP.

Council's proposal to locate the proposed Costco within the planned Marsden Park Town Centre (zoned B2 Local Centre) is inconsistent with the Department's approach to Costco Warehouse developments in other local government areas (LGAs) such as Liverpool. The unique nature of the Costco Warehouse makes it more suitable for a B5 zone as opposed to a B2 Local Centre zone.

[2] Ibid, page 5

[3] Ibid, page 15

2.2 Co-location of Costco with other Bulky Goods uses

The site for the proposed Costco Warehouse is located in a pocket of B5-zoned land, which is identified as the Bulky Goods Precinct in the planning for the Blacktown Growth Centre. The subdivision plan for the precinct proposes to subdivide the Bulky Goods Precinct into five parcels of land generally separated by new access roads as shown in **Figure 2** below. Lot D is proposed to be occupied by the Costco Warehouse with the remaining parcels in the Bulky Goods Precinct allocated to the following potential future tenants:

- Lot A – Multi tenanted bulky goods development;
- Lot B – Ikea; and
- Lot C – Masters.

A Bunnings Warehouse has also been approved by Council in the Business Park, less than 500 metre from the proposed site for the Costco Warehouse (see **Figure 1** above).

The location of the proposed Costco within the Marsden Park Bulky Goods Precinct has a number of benefits in terms of the co-location of similar uses with similar traffic and land use patterns. It also promotes the B5 zone objectives, and the vision of the Marsden Park Industrial Precinct *'to support a range of light and general industrial uses from large floor-plate warehousing and storage facilities which capitalise on the precinct's location near Richmond Road'*[4] .

In addition Council's identification of the site within the Bulky Goods Precinct (and adjoining a number of large format retail premises) as an out-of-centre location is considered incorrect. As noted in the Supplementary EIA:

> *...the subject site is effectively an edge-of-centre location to the nearby Marsden Park Town centre. Both will be linked by a mix of industrial and commercial uses along the western side of Richmond Road and in function terms, the Marsden Park Industrial Precinct and Marsden Park Town Centre will operate as a wider employment precinct.*

This is supported by the Marsden Park – Retail and Employment Assessment 2012 prepared by MacroPlan on behalf of the Department which suggests that the Marsden park Town Centre and the Marsden Park Industrial Precinct (in which the Bulky Goods precinct is located) will perform as 'one large consolidated area of activity'.[5]

[4] Draft Blacktown Growth Centres Precincts Development Control Plan 2010 – Schedule 3, 2011

[5] MacroPlan, Marsden Park Retail and Employment Assessment (2013), page 1

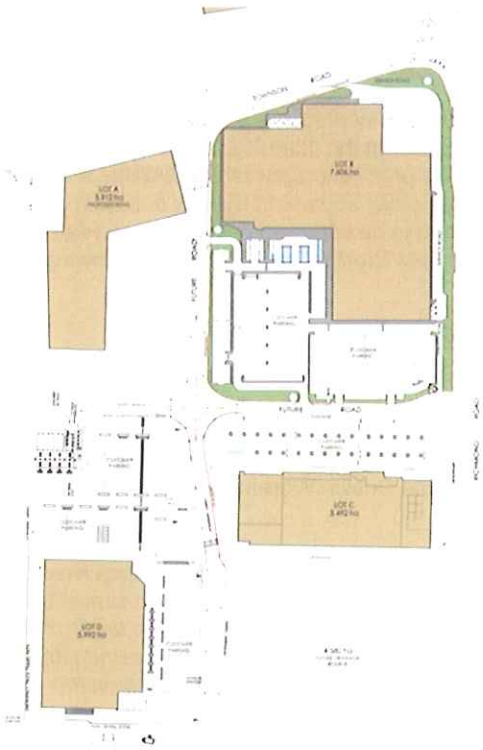

Figure 2 – Proposed subdivision layout

2.3 Timing of Development of Marsden Park Bulky Goods Precinct

The planning for the Marsden Park Bulky Goods Precinct is already well-advanced. The following key regional infrastructure works items have been completed to service the Bulky Goods Precinct to date:

- Stage 1 Richmond Road upgrade including the additional $4 million Costco intersection ($46 million);
- 450mm diameter water main from Hassall Grove into the Costco site ($2.5 million);
- Sewer gravity and rising main and interim operating system ($1 million);
- Electrical upgrades to the network ($0.5 million); and
- Temporary basin ($0.6 million).

The following further works have been committed to be delivered should the Costco Warehouse proceed:

- $2.7 million extension from the Costco intersection;
- $3.5 million Bells Creek sewer pump station;
- $6.3 million for regional basin G; and
- $1.2 million for part regional channel.

Thus, the Bulky Goods Precinct is already well advanced in its planning and infrastructure provision and a Costco warehouse can be appropriately accommodated in the Precinct immediately.

2.4 No Unacceptable Precedent Set

Council's suggestion that support for the Planning Proposal would set a precedent for other retail premises to be locate within the B5 zone is incorrect. A retail store cannot locate within the B5 zone without completion of an LEP amendment process, with each Planning Proposal assessed on its own merits. A Costco Warehouse is a unique type of retail store which has been acknowledged as not being '*recognised as an individual form of land use/development under the Standard Instrument*'[6] and as '*reflecting the nature and behaviour for bulky goods premises*'[7]. Therefore, supporting a Planning Proposal to facilitate a Costco Warehouse development within the Marsden Park Bulky Goods Precinct will not set an unacceptable precedent for other retail premises.

The Department of Planning and Infrastructure has recognised that amending an EPI to facilitate a Costco as 'retail premises' can be considered as unique and suited only for a Costco type use. In considering the Casula LEP amendment and issuing its Gateway Determination, the Department specifically noted that the Planning Proposal was to be amended to require the Costco development to proceed, and that in the event of the Costco development not proceeding, zoning arrangements were to revert to original conditions which prohibited 'retail premises'.

Costco would have no objection to a similar condition being placed on the Marsden Park Planning Proposal which required that Council 'back zone' the land if Costco moved out or it did not proceed.

3.0 Why the Proposed Town Centre is not an appropriate location for a Costco

3.1 Inconsistency with Town Centre Development Controls

In the Planning Report for the Marsden Park Costco Warehouse Planning Proposal, Council officers suggest that the Costco Warehouse building model could be modified to fit within the urban design parameters for the Marsden Park Town Centre. However, it is JBA's view that the development controls for the Town Centre, as set out in the Marsden Park DCP, do not support a Costco Warehouse development, and even if the Costco Warehouse building model were able to be modified to fit within the Town Centre design parameters, the degree of modification would be so great as to preclude the effective operation of the Costco Warehouse in accordance with its establish global business model.

Costco Warehouses have a specific development format which enables it to provide bulk products for small business and consumers, and ensure that costs (and therefore retail prices) are kept as low as possible. A Costco Warehouses typically operates from a traditional purpose built retail warehouse building comprising of a large retail floor plate (approximately 13,000m^2 of floor space) and 700 on-site parking spaces. A Costco Warehouse development is relatively land intensive and typically requires a site of at least 3 hectares in dense urban areas; however in locations such as Marsden Park, a site of some 5 to 6 hectares is required.

None of the identified anchor sites within the Town Centre are large enough to accommodate a Costco Warehouse. The Town Centre itself is only approximately 17.5 hectares in size (this represents approximately 12 hectares in developable area of which a Costco store would take up almost half) and locating a Costco Warehouse in

[6] Planning Team Report *Draft Amendment No 26 to Liverpool LEP 2008 – Part of Cross Roads Bulky Goods Precinct, Casula*, 21 October 2011, page 3

[7] Ibid, page15

the Centre would take up almost a third of the land within the Town Centre (see **Figure 3** below).

Figure 3 – Proposed Costco Marsden Park relative to size of Town Centre (Source: Supplementary EIA – Essential Economics)

Furthermore, the Town Centre controls anticipate an urban dorm for the Town Centre based on a street-based environment that supports the close integration of higher density residential development. This is inconsistent with the Costco Warehouse building model. Locating a Costco Warehouse in the Town Centre would therefore not only be inappropriate for the planning and design of the Costco Warehouse, but is also likely to have negative impacts on the desired character for the Town Centre.

The relevant objectives and controls for the Town Centre are examined below.

3.1.1 Marsden Park Town Centre Indicative Layout Plan

An Indicative Layout Plan for the Marsden Park Town Centre (see **Figure 4** below) is provided in Section 5.2 of the Marsden Park DCP with Control 1 of Section 5.1 requiring development in the Town centre to be consistent with the Indicative Layout Plan. The Indicative Layout Plan provides for a relatively dense urban fabric with four main 'anchor store' of approximately 4,000m^2 in size surrounded by smaller development sites. A Costco Warehouse development would not be able to be developed on any of the 'anchor store' sites as shown in **Figure 5** below. Furthermore, locating a Costco Warehouse development within the Town centre would necessitate substantial changes to the proposed street and building layout established for the Town Centre.

Furthermore, some 30,000m^2 to 40,000m^2 is understood to have been forecast for the Town Centre of which a Costco Warehouse would take up approximately a third. This would limit the ability to provide a diverse retail offering in the Town Centre, and may stop more appropriate town centre development coming forward.

In its Planning Report, Council suggests the Costco Warehouse building model could be modified to fit within the Town Centre urban design layout and points to the Costco Warehouse in Auburn which has a multi-deck car park. **Figure 5** below shows the footprint of the Costco Warehouse in Auburn overlayed over the identified 'anchor store' sites within the Town Centre. This demonstrates that even the Auburn Costco Warehouse, which has a reduced building footprint which compared to a standard Costco Warehouse, is unable to fit within any of the identified 'anchor store' sites within the Town Centre.

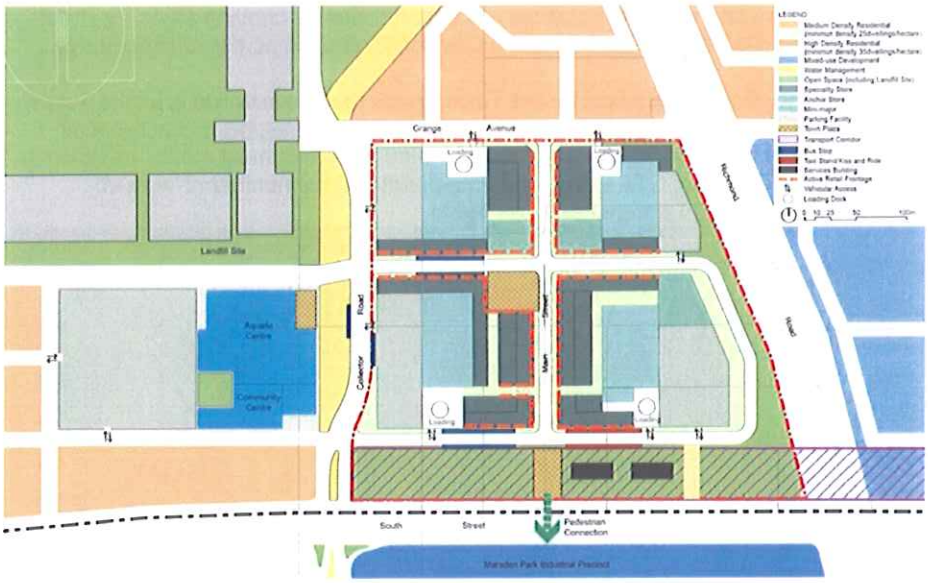

Figure 4 – Indicative Layout Plan (Marsden Park DCP)

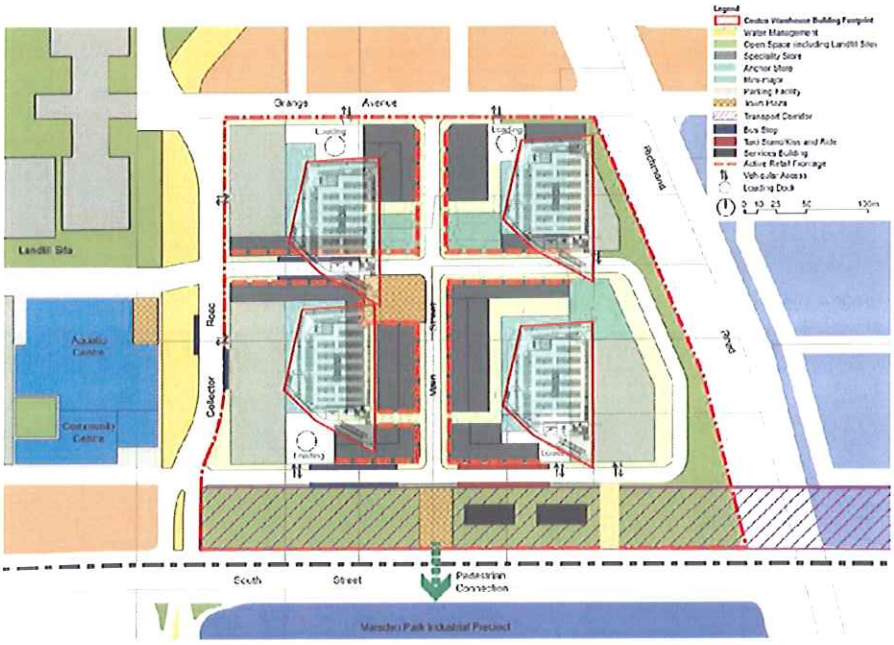

Figure 5 – Indicative Layout Plan (Marsden Park DCP) showing overlay of Auburn Costco Warehouse on 'anchor store' sites

3.1.2 Active Frontages

One of the primary objectives for the Town Centre in the Marsden Park DCP is 'to promote a pedestrian friendly Main Street (see primary north-south access in **Figure 4** above) through the Town Centre'. In this regard Control 12 of the DCP requires large format retail premises to have pedestrian access to the Main Street, and to not present blank walls or inactive facades to the Main Street.

It would not be possible to develop a Costco Warehouse within the Town Centre without having some frontage to the Main Street. However, the Costco building model does not support any active street frontages with uses contained wholly within the centre and access from the on-site car park. The proposed Marsden Park Costco Warehouse would have an unarticulated frontage of some 140 metres long, which is more than double the frontage available on any of the identified 'anchor store' sites. Further, as shown in **Figures 6** and **7** below, the side wall racking arrangements in a

typical Costco Warehouse do not allow any opportunities for creating an active street frontage, and it is not possible to locate a Costco Warehouse across multiple levels.

It is quite clear from the controls for the Town Centre that the intention is for the Town Centre to operate as a walkable centre focused on public transport with active main streets. This is inconsistent with a Costco Warehouse development model; as noted in the attached letter from GTA Consultants (**Appendix A**) the number of 'walk-in' customers to a Costco warehouse is negligible.

Figure 6 – Typical side wall Costco Warehouse racking system

Figure 7 – Typical side wall Costco Warehouse racking system

3.2 Traffic Implications of Locating a Costco Warehouse in the Town Centre

It is essential to have appropriate levels of parking a for a Costco Warehouse use due to the bulk nature of products, and the importance of providing easy access to parking particularly for business customers.

Locating a Costco Warehouse within the Town Centre would have unacceptable traffic impacts. As noted in the letter from GTA Consultants at **Appendix A**, a Costco warehouse can generate up to 1,000 trips per day in its peak periods. Were a Costco Warehouse to be located within the Town Centre, it would result in significant additional traffic entering the centre which would introduce additional conflicts with pedestrians and cyclists and cause traffic congestion. Such a use has not been modelled by AECOM in their assumptions of the Town Centre traffic generation in the Marsden Park Precinct Traffic and Transport Assessment (September 2012). In contrast, the proposed intersection on Richmond Road to the Bulky Goods Precinct has been deliberately engineered to accommodate the traffic associated with the provision of a Costco.

In addition, a potential train station is planned for within, or within the immediate vicinity of, the Marsden Park Town Centre. Providing such car intensive use as the Costco Warehouse development, which would take up a significant proportion of the Centre, within 1km of train station, would negate many of the public transport benefits that would otherwise be facilitated by the planned station.

3.3 Staging of Town Centre

The Marsden Park Services Implementation Plan 2012 identifies the proposed staging for the Marsden Park Precinct and proposes that Marsden Park Town Centre only be developed as part of Stage 5 (see **Figure 8** below), which is scheduled for delivery between 2032 and 2036. It is considered unreasonable to require a Costco Warehouse to be delayed until the Town Centre is implemented in more than 16 years' time, particularly given the likely demand for a Costco Warehouse to support the increased population forecast for the North West Growth Centre.

It is also noted that these would be limited, or no, infrastructure available to support a Costco Warehouse in the Town Centre in the short term, and that development of a stand-alone Costco Warehouse within the Town Centre, ahead of the Town Centre's substantial development, would be unviable and have inappropriate urban design and land use outcomes. It would also place unrealistic infrastructure costs on Costco to provide the appropriate infrastructure to support it.

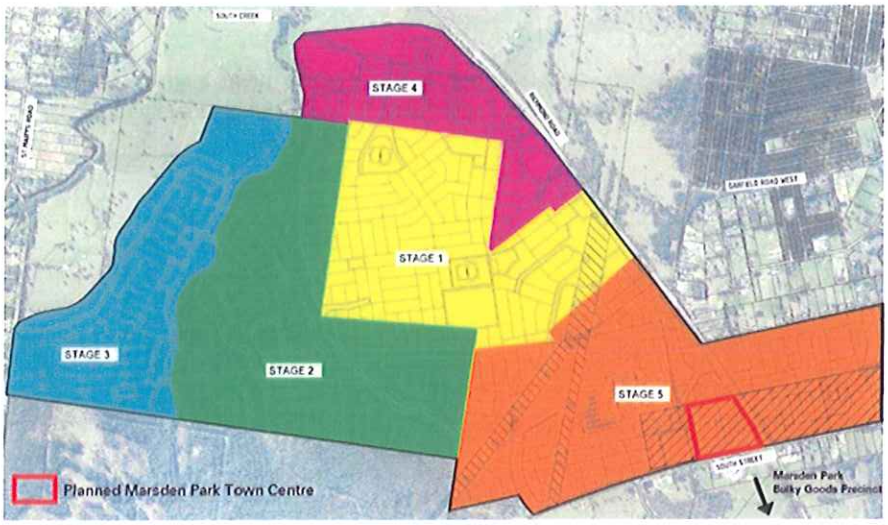

Figure 8 – Marsden Park Staging Plan

As detailed above, the Marsden Park Industrial Precinct already has two committed tenants (Ikea and Masters), and a Bunnings Store approved less than 500 metres to the north. The provision of a Costco Warehouse within this emerging new bulky goods retail precinct will support the viability of these uses, and will encourage the implementation of the remainder of the Marsden Park Precinct in accordance with the Staging Plan. The Bulky Goods precinct is also well-advanced in its planning and infrastructure provision and suitable for imminent development.

3.4 Fragmented Land Ownership

The Marsden Park Town Centre is currently held in a fragmented ownership pattern that would preclude its development for a Costco Warehouse, and may even delay its development in accordance with the Indicative Layout Plan for the Town Centre as set out in the Marsden Park DCP.

As shown in **Figure 9** below, of the 13 lots within the Town Centre, the largest allotments are just over 2 hectares and represent an approximate developable area of just 0.5 hectares (based on the Marsden Park DCP Indicative Layout Plan). As shown in **Figure 10** below, these larger allotments are forecast to accommodate a significant portion of the roads and open space within the Town Centre and would not be capable of accommodating a Costco Warehouse development.

The 'anchor store' sites are all located across a number of different allotments (see **Figure 10**) all of which are under different ownership. Thus, the likelihood of these allotments being made available for large format retail developments in the short term is limited.

Furthermore, the existing land ownership pattern does not align within the Indicative Layout plan, and no mechanisms have yet been implemented to develop the new street and pedestrian pathway layout in accordance with the Marsden Park DCP.

The Marsden Park Bulky Goods Precinct, on the other hand, is already the subject of advanced planning and layout arrangements to accommodate new roads and infrastructure for the identified and future tenants within the Precinct.

As detailed in the document Planning for Town Centres: Practice guidance on need, impact and the sequential approach (Practice Guidelines) prepared by the UK Department for Communities and Local Government (December 2009), sequential testing is required when proposing retail development in edge-of-centre locations, which must consider whether alternative sites are available and demonstrate why such sites are not practical alternatives in terms of their availability, suitability and viability. In considering availability, the Practice Guidelines highlight the importance of considering land ownership patterns, and whether fragmented landownership arrangements represent an insurmountable barrier to the viable development of a particular site or sites.

Similar sequential testings criteria exist in NSW and have been considered in the Planning Proposal report. However, it is noted that UK policy is significantly more advanced in this field.

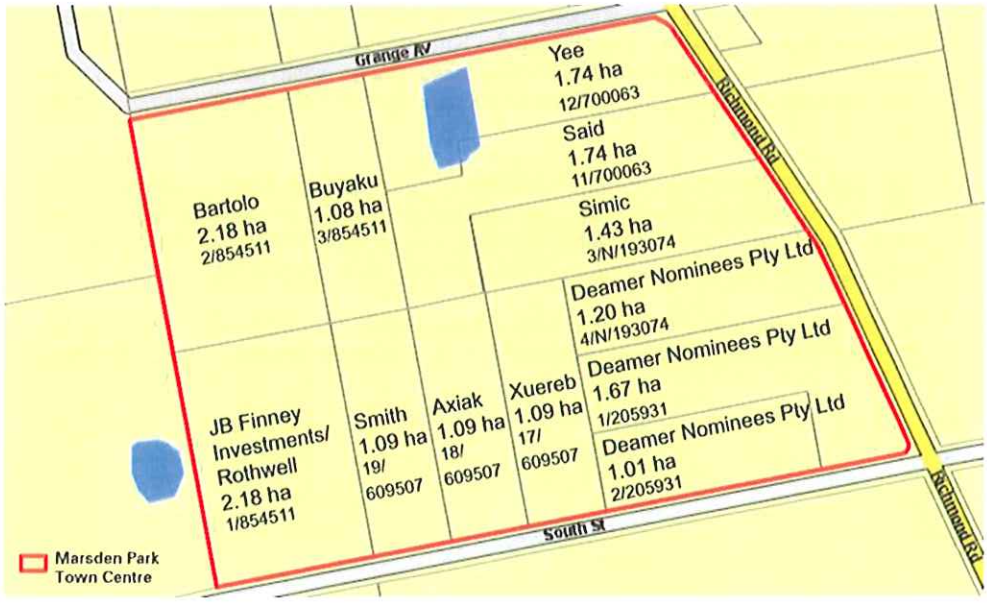

Figure 9 – Land ownership Marden Park Town Centre

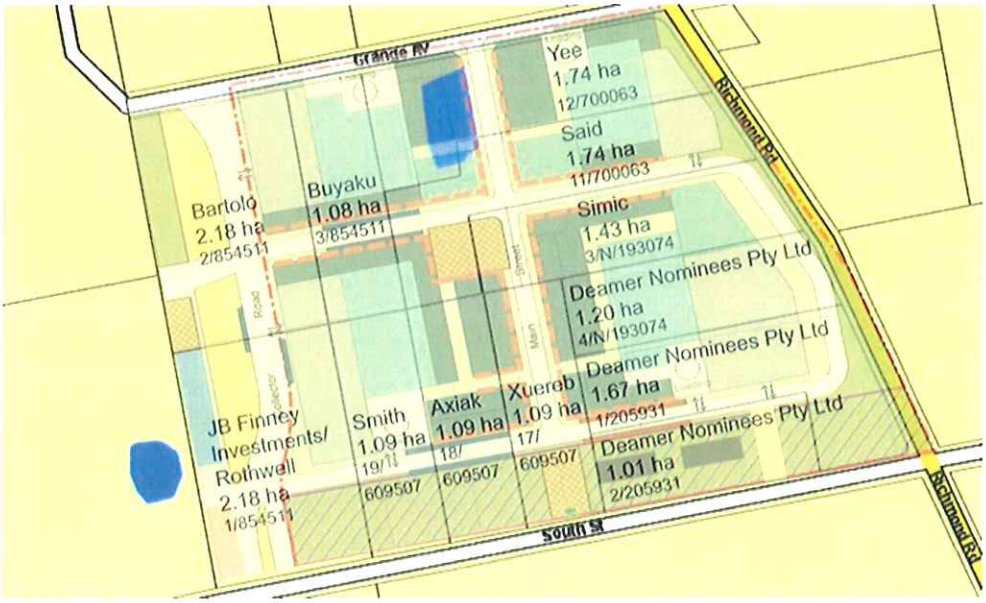

Figure 10 – Land ownership Marden Park Town Centre with DCP overlay

4.0 Retail Impact Assessment of Marsden Park Town Centre

The potential economic impacts of the proposed Marsden Park Costco Warehouse (including those on the Town Centre) were assessed in the EIA submitted with the Planning Proposal. Further consideration of the Town Centre impacts is included in the Supplementary EIA at **Appendix B**.

The Supplementary EIA notes that Costco Warehouse will serve a regional trade area which means that competitive trading impacts will be distributed widely and thinly across a number of centres. It also estimates that the proposed Costco Warehouse will result in only a 1.5% reduction in retail trade for the Town Centre, which is considered a very minor impact within the bounds of a normal competitive environment.

It is also noted that the type of goods and wholesale nature of the Costco Warehouse concept does not directly compete with the type of shops found within a town centre. Further, it considered that locating a Costco Warehouse within the Town Centre would offer little economic benefits and would not complement other standard town centre uses.

The Supplementary EIA concludes that the proposed Costco Warehouse in the Bulky Goods Precinct will not undermine the commercial viability, or delay the development of, the Marsden Park Town Centre. Furthermore, it suggests that even the minor impact will be offset by the generation of additional visitor trips to the area.

In addition, the Costco Warehouse would have a number of employment benefits for the area with potential the spin off benefits to a wide range of businesses in the area.

5.0 Summary

The proposed Costco Warehouse is considered to be an appropriate use within the Bulky Goods Precinct. The unique nature of the Costco Warehouse model has been acknowledged by the Department and Council, and is reflected in the location of the other NSW Costco Warehouses in bulky goods areas (eg. Costco Auburn and Casula).

The Marsden Park Bulky Goods Precinct is already the subject of significant infrastructure investment and has a number of committed tenants that will be compatible with the Costco Warehouse us. In contrast, infrastructure development for the Town Centre has not yet commenced and the staging plan for the Town Centre indicates that it will be a number of years before development in the Centre begins. The fragmented landownership pattern is also likely to preclude the efficient and timely development of the Centre.

Further, the proposed urban form of the Town Centre will not readily support a Costco Warehouse development, and the vehicle focused nature of a Costco Warehouse use will could result in unanticipated traffic impacts and conflicts with the intent for the Centre to operate as a pedestrianised environment, particularly with the future intention of establishing a rail station in the town centre.

A Costco Warehouse cannot fit within in the Marsden Park Town Centre and it is not, in any case, appropriate to delay a Costco development until the Town Centre is developed in 2032.

The proposed site within the Bulky Goods Precinct is considered the most appropriate location for a Costco Warehouse development to support the North West Growth Area. Council's support for the Planning Proposal to facilitate this use is requested.