



ESSENTIAL ECONOMICS

Bunnings Merimbula

Further Economic and Policy Considerations

1 Introduction

This paper has been prepared in response to the Gateway Determination (15th of August, 2016) by the NSW Department of Planning and Environment regarding the proposed Bunnings Merimbula, proposed for a location at Tura Beach. The Gateway Determination does not support the rezoning of land at Tura Beach Drive, Tura Beach to facilitate the construction of a Bunnings warehouse store.

Broadly speaking, in relation to areas relevant to our expertise in land use economics and planning, the Gateway Determination indicates the following factors underlying the decision:

- Not consistent with strategic policy objectives relevant to Tura Beach and the centres hierarchy of the Bega Valley Shire region which identifies Bega as the retail and commercial centre of the Bega Shire.
- Inadequate justification of the subject site's suitability for commercial use having regard to alternative sites in the Bega region, including sites not currently zoned for commercial use.

Bunnings Group Ltd are requesting a review of the Gateway Determination decision.

Building on the findings of the February economic impact assessment undertaken by our firm, this report provides further information and clarification on the economic and related aspects relevant to the Gateway Determination and proposed Bunnings store.

2 About Bunnings

Extensive Store Network

Bunnings is an Australian-owned company which has been in operation for over 125 years. Part of the Wesfarmers Group, Bunnings employs 36,000 team members across 323 stores, and with an average of approximately 110 employees per store.

The Bunnings store network includes a strong representation in regional areas of Australia. For example, in New South Wales a total of 45 stores are located in regional areas compared with 38 stores located in metropolitan Sydney.

Customer Base

In addition to meeting the hardware and home improvement needs of the typical consumer, Bunnings is also closely connected to the business community. In particular, Bunnings serves:

- Project builders
- General tradespeople
- The housing industry.

The pricing structure at Bunnings is highly competitive and this is reflected in the 'Price Guarantee' to beat any competitor's reasonable price on stocked items.

Product Range

The extensive Bunnings product range includes Tools, Building Materials and Hardware, Garden, Outdoor living, Kitchen, Bathroom and Plumbing, Lighting and Electrical, DIY workshops, and a range of in-home services including kitchen design and carpet installation.

Bunnings sources locally-made products wherever possible and has strong relationships with more than 1,100 Australian, New Zealand companies, as well as International suppliers.



Consumer and Business Expectations

The growth and success of the hardware warehouse model now means that Bunnings is considered a normal part of the network of retail outlets and facilities serving most regions of New South Wales and Australia.

Other businesses in the wider hardware and home improvement market have adjusted to the growth of Bunnings and now effectively compete in terms of their own price, service and value propositions for customers. Key competitors in the hardware industry such as Mitre 10 (Metcash) and Home Hardware (Woolworths) have the support of major corporate entities that allow them to compete directly with Bunnings in most markets.

Store Network Gap on Sapphire Coast

As part of the normal store network planning process, Bunnings has identified the Far South Coast of New South Wales (Sapphire Coast) as one of the few major regional areas currently lacking direct access to a Bunnings store.

In the north, the nearest store is at Batemans Bay. While in other directions the nearest stores are in the ACT, Albury/Wodonga and Bairnsdale.

As a result, Bunnings are now seeking to locate a store at an appropriate location to serve the Sapphire Coast of New South Wales. The proposed Bunnings at Tura Beach (to trade as Bunnings Merimbula) will meet the current gap in hardware warehouse retailing serving residents, visitors and businesses in the region.

As identified in the Economic Impact Assessment report prepared for the application in February 2016, the proposed Bunnings Merimbula store is supported by current and forecast market demand.

3 Site Location Requirements for Bunnings

For Bunnings, it is not unusual to have difficulty identifying sites which have the locational, size, planning and other attributes able to successfully accommodate the land requirements for a hardware warehouse store.

Even with the small-format Bunnings store of 6,815m² which is proposed for Tura Beach, the land requirements for parking, landscaping, delivery areas, storage, and vehicular circulation means that at a minimum a total land area of approximately 2 hectares is required.

Furthermore, any site for Bunnings will need to meet locational criteria including:

- Competitive development costs (unencumbered and easily developable land)
- A strategic location able to serve customers living across the surrounding region
- Proximity and accessibility to trade and business customers
- Excellent site accessibility and exposure to customers.

On this basis, it is often the case that Bunnings has limited choice in terms of appropriate locations for their stores.

The proposed location for the Bunnings Merimbula store at Tura Beach has been identified as the preferred site by Bunnings on the basis of the above considerations. As described in the following Section of this paper, the choice of location also reflects a lack of suitable alternative locations in the surrounding region.

4 Review of Relevant Site Location Options for Sapphire Coast

The following analysis of alternative locations for Bunnings builds on the commentary provided in Section 1.3 of the February 2016 Economic Impact Assessment report prepared by our firm.

At present, appropriately zoned land for development of a Bunnings warehouse in the Bega Valley Shire is concentrated at Bega (and surrounds) and Pambula/South-Pambula. Industrial zoned land is also located at the small settlements of Wallagoot and Kalaru.

Notwithstanding the specific site location requirements identified in Section 3 of this paper, the Sapphire Coast overall has a limited supply of industrial and commercial/mixed-use zoned land suitable for the development of a Bunnings Warehouse.

Bega

Bega is identified by strategic planning policy (see also Section 6) as the Bega Valley Shire's regional centre and a focal point for commercial and retail development.

For the purposes of the site assessment, Bega is considered on the following basis:

- **Bega Town Centre** – includes land in the Local Centre Zone (commercial core) and surrounding Mixed Use Zone (edge-of-centre) which forms the Bega town centre.
- **Bega Balance** – includes relevant land in the Industrial Zone (both Industrial 1 and Industrial 2) which potentially allows for development of a Bunnings.

Bega Town Centre

The Bega Town Centre is shown in Map 1 as an appendix to this paper, with the proposed Bunnings Merimbula site also shown to scale.

Prevailing lot sizes and the density of retail and commercial development are not able to readily accommodate a hardware warehouse as per the proposed Bunnings Merimbula.

Note that the proposed Bunnings Merimbula represents the small-format Bunnings Warehouse size and layout. A scaled-down store size from that proposed for the subject site at Tura Beach would undermine the economic viability of delivering the hardware warehouse model of Bunnings to customers on the Sapphire Coast.

In order to further demonstrate the difficulties of Bunnings developing a site in Bega, three specific areas of vacant land have been identified for further 'testing'. All three have been determined as inappropriate for the location of a Bunnings Warehouse for the following reasons:

Area 1

- Likely flooding risk on a site with substantial physical constraints to development (creek line and billabong)

- Relatively low-profile site with limited levels of exposure to passing trade
- Insufficient site area to accommodate a small-format Bunnings Warehouse .

Area 2

- Insufficient area to accommodate a small-format Bunnings Warehouse.

Area 3

- Insufficient area to accommodate a small-format Bunnings Warehouse
- A drain/creek run directly through the land would significantly increase development costs.

Bega Balance

Areas of land zoned for industrial use that contain potentially available sites for a small-format Bunnings Warehouse are located to the south of Bega township adjacent the Princes Highway and Kerrisons Lane, and north of Bega (and the Bega river) to the east of the Princes Highway. This is shown in Map 2.

Five additional specific areas of vacant land have been identified for ‘testing’ of the potential to accommodate Bunnings. All have been identified as inappropriate for the following reasons:

Area 4

- Topography slopes away from highway relatively steeply and is unsuitable for a large floorplate building
- Land ownership patterns mean a considerable setback from the Highway could be required which reduces exposure and accessibility to passing trade
- Uncertainty regarding entry and exit arrangements to and from the Princes Highway given the prevailing topography, traffic speeds and the general preference of Bunnings to have direct or high quality multi-directional vehicular access points.

Area 5

- Steep sloping topography and an embankment on the north-east corner of Kerrisons Lane potentially limits road access and exposure to Princes Highway
- Land topography not suited to a large floorplate building
- Site context more appropriate for industrial land use as is consistent with current industrial zoning.

Area 6

- Steep topography unsuited to large floorplate building
- Location on Kerrisons Lane has very low levels of exposure to potential customers.

Area 7

- Location on Boundary Road has insufficient levels of exposure to passing trade
- Site is not appropriate for development of a Bunnings store in terms of access arrangements and surrounding land use context.

Area 8

- Location on Anderson Street which runs parallel to Princes Highway and is adjacent to Bega Cheese Factory and Bega Cheese Heritage Centre
- Insufficient site area to accommodate a Bunnings Warehouse.

Pambula and Surrounds Site Considerations

Land with a commercial or mixed use zoning is located the Pambula Township and a short distance to the north-east (Arthur Kaine Drive) and east (Bullara Street). Pambula also contains areas of land in the industrial zone, most notably on Mount Darragh Road in South Pambula. This is shown in Map 3 in the appendix to this paper.

Mount Darragh Road

Undeveloped land with frontage to Mount Darragh Road at South Pambula is located approximately 1 Kilometre west of the Princess Highway. This location has relatively low exposure to potential customers from across the surrounding region. Substantial upgrades to road and other infrastructure would be required to accommodate a Bunnings or similar land use.

Land on the north side of Mount Darragh Road appears to be floodplain which would further increase development costs.

Pambula

Two undeveloped areas are located in the Pambula town centre on the northern and southern sides of Bullara Street.

The land to the south of Bullara Street is partly floodplain and of insufficient size to accommodate a small-format Bunnings Warehouse.

The site on the north side of Bullara Street is also of insufficient size to accommodate a small-format Bunnings warehouse.

Arthur Kaine Drive

North-east of Pambula town centre is located land in the B5 Business Development Zone which has frontage to the south side of Arthur Kaine Drive. At present all vacant sites are heavily vegetated which would require clearing before development.

While, this location provides good exposure to vehicular traffic between Merimbula and settlements to the its south including Pambula, Broadwater and Eden, no land in this area has been identified which is of sufficient size to accommodate a small-format Bunnings Warehouse.

Other Non-Commercial Zoned Land in the Bega Valley Shire Region

In the Gateway Determination, commentary was provided that the proposed Bunnings Merimbula lacked inadequate justification for a commercial use having regard to alternative sites *“including sites not currently zoned for commercial use”*.

As demonstrated in this Section of the paper, and also described in the February 2016 Economic Impact Assessment, considerable investigation of alternative sites in the region has been undertaken by Bunnings and the consultant team. That process has identified no alternative suitably zoned land which is of a scale or nature appropriate for development of a small-format Bunnings Warehouse.

This site investigation was informed, in part, by the directions of the Department of Planning and Environment in relation to the potential for alternative sites in South Bega and Parambula which *“is already zoned to permit hardware and landscape supplies or similar businesses”* (Letter Marcus Ray, Acting Deputy Secretary Planning Services, 10th December 2014).

No mention is made in that advice of alternative sites not currently zoned for commercial use – a test which was apparently applied in the August 2016 Gateway Determination.

Applying a test in which alternative sites are to be considered which are neither zoned correctly, nor have strategic support for any such rezoning, is an extremely high and onerous planning test. In effect, the planning system is telling applicants that its own strategic policy framework is not sufficient guidance to indicate where development applications may be considered, and that all alternative sites must be considered irrelevant of their zoning or existing strategic merit.

In our experience undertaking economic input to strategic land use policy across Australia, such a high and onerous test has not been applied to applications for general retail and commercial land uses. As identified in Section 2 of this report, Bunnings is a relatively standard component of the retail sector serving regional areas of Australia, and does not represent a high-risk to the community in terms of safety and amenity, that such a difficult test should be applied.

Notwithstanding this, our own field work and investigations have not identified any alternative sites to the proposed Tura Beach location which are not zoned appropriately.

5 Tura Beach Considerations

Attributes of the Tura Beach Site

The proposed Tura Beach site is effectively the only site on the Sapphire Coast identified as appropriate for the location of a small-format Bunnings warehouse store based on locational, planning, size and topographic attributes. These attributes include (see also February 2016 Economic Impact Assessment report):

- **Competitive Development Cost:** the site proposed for Bunnings is unencumbered and easily developable.
- **Strategic location:** the site is located centrally within the Sapphire Coast district on the Sapphire Coast Drive – a key north-south road connection between Merimbula/Pambula to the south and Tathra/Bega to the north.
- **Serving trade customers:** the site is well-located with respect to potential business customers, having regard for the exposure to the Sapphire Coast Drive, the significant residential growth occurring in north of Tura Beach, and the growing industry base in the surrounding coastal region.
- **Accessibility:** the subject site has excellent accessibility due to its location on Sapphire Coast Drive and Tura Beach Drive intersection.
- **Land Area:** the total size of the proposed site is approximately 2.0 hectares and can accommodate the Bunnings warehouse building and car parking, access ways and landscaping that are required for the development.

As identified in this paper, the Sapphire Coast simply does not provide a choice of available zoned land with characteristics appropriate for the location of a small-format Bunnings.

In this context, the subject site represents a scarce opportunity for the wider region to accommodate a retail format (i.e. Bunnings Warehouse) that is a contemporary expectation of consumers and business customers in other areas of regional Australia.

Relationship with the Existing Local Centre

The proposed location of Bunnings Warehouse opposite the existing Tura Beach local centre (B1 Neighbourhood Centre zone applies) will represent an edge-of-centre location, as shown in Map 4 in the appendix to this paper.

Bunnings is separated from the existing Woolworths anchored shopping centre and balance of the Tura Beach local centre by Tura Beach Drive. Both Bunnings and the local centre will have separate access/exit arrangements and their own dedicated carparking.

In this way, although the proposed Bunnings is located edge-of-centre to the Tura Beach local centre, in a practical sense for most shoppers the distinction between the role and function of both will be clear.

Note that edge-of-centre locations are supported in the objectives for the B5 Business Development Zone which is proposed for the subject site. Specifically, the objectives for the zone are:

- *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** [emphasis added].*
- *To cater specifically for uses that require a high degree of visibility and accessibility to passing traffic and that generate a high proportion of **single purpose** [emphasis added] vehicle trips.*
- *To enable the establishment of an aquaculture, agricultural produce and tourist precinct at Arthur Kaine Drive, Merimbula. (Bega Valley Local Environment Plan 2013)*

The existing Tura Beach local centre which includes the Tura Beach Shopping Centre is anchored by a Woolworths supermarket and includes the large-format retailers Discount Chemist Warehouse and Harvey Norman. A small number of specialty shops are also located at the centre, including BWS liquor, newsagency and café.

Approximately 150 metres east of the new Tura Beach Shopping Centre are the original Tura Beach convenience shops. Current tenants comprise a Beaumont tiles and paints (former IGA supermarket tenancy), bakery, restaurant, hair salon, op-shop and dentist.

Although the proposed Bunnings will have some land use synergies with the adjacent Tura Beach local centre, in a practical sense for most customers the Bunnings will be a single-purpose shopping trip.

Our experience in retail-economic analysis undertaken for private clients and policy makers over 20+ years indicates that the presence of a Bunnings at Tura Beach would generate no more than a marginal increase in sales and visitation to the supermarket and specialty shops at Tura Beach. That is, residents of locations such as Bega and Merimbula would benefit from access to the Bunnings hardware retail format, without any significant change to their purchasing patterns for other goods and services such as supermarket and grocery shopping.

Limited Scope for Future Centre Expansion

The proposed Bunnings site at Tura Beach does not represent a departure from the primacy of Bega as a regional centre serving the Sapphire Coast region. Future further expansion of retail and commercial activity at Tura Beach is constrained by physical factors which mean that the proposed Bunnings is not a 'first stage' to Tura Beach undermining the regional role of Bega over the long-term.

As identified in Map 4, neighbouring land fronting Sapphire Coast Drive is zoned for large lot residential. In addition, land directly to the east, north-east or south-east of the existing local centre is completely built out primarily for residential purposes, or is zoned for public recreation use.

6 Rationale for Appropriate Policy Discretion

The Gateway Determination for the proposed Bunnings Merimbula focuses on the directions of the South Coast Regional Strategy (2008) and Draft South East and Tablelands Regional Plan (that will supersede the 2008 Regional Strategy), the Bega Valley Commercial Strategy (2006) (and related Hill PDA review of Bega Valley LEP Draft Amendment 4, 2008).

In contrast, key conclusions of the February 2016 Economic Impact Assessment prepared to inform the application related to market demand, trading impact and economic benefit are not contested by the Gateway Determination.

The relevant strategic policies and documents relied upon by the Gateway Determination are now nearly 10-years old, with much of the underlying analysis and rationale developed prior to their release. As a result, it is appropriate to consider those policies in the context of appropriate use of discretion that reflects current circumstances, expectations and community expectations.

Bega's Regional Centre Role

A concern identified in the Gateway Determination relates to the impact of the proposed Bunnings store on the primacy of Bega as the Bega Valley's regional centre. As shown in Table 1, at present the Bega Town Centre includes approximately **45,000m²** of shopfront floorspace. This includes the major destination retailers Big W and Target, as well as full line Woolworths and Coles supermarkets. The centre also includes an extensive range of smaller shops including a wide mix of retail, commercial and community uses.

In contrast, Merimbula (**17,500m²**) and Tura Beach (**7,500m²**) currently contain a significantly smaller provision of shopfront floorspace.

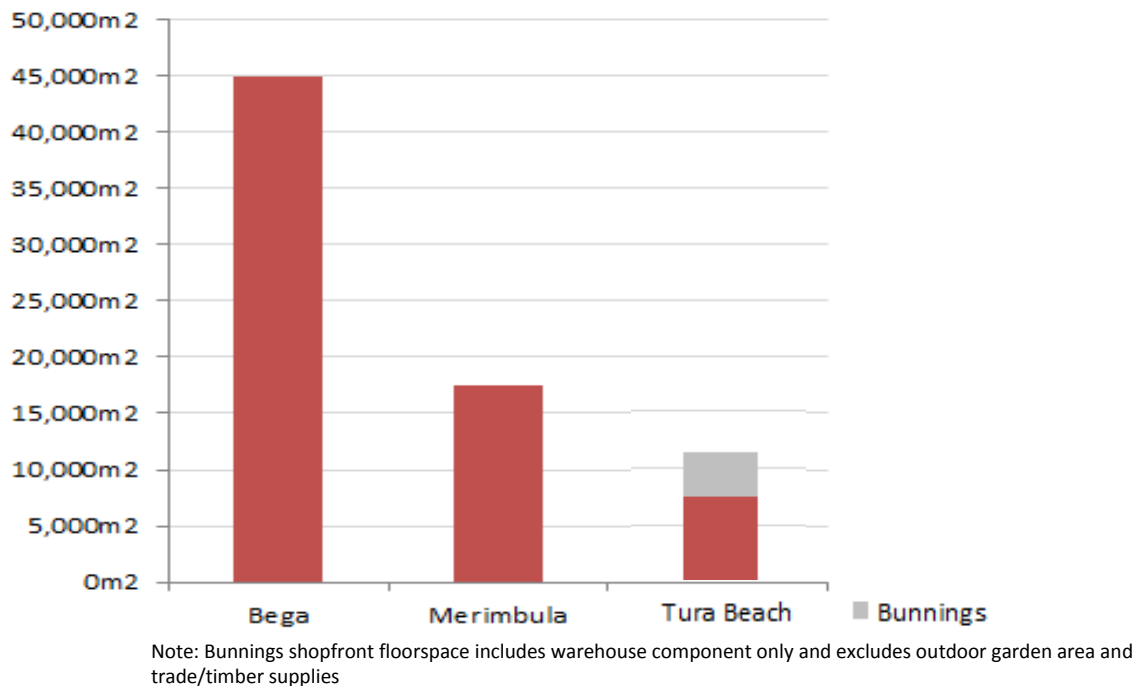
Table 1 Current Shopfront Floorspace and Anchor Tenants

	Major Tenants	Shopfront Floorspace (m2)
<u>Bega</u>		
	Big W	7,000m ²
	Target	2,800m ²
	Woolworths	4,000m ²
	Coles	3,600m ²
	Total Shopfront Floorspace	45,000m²
<u>Merimbula</u>		
	Woolworths	2,360m ²
	Target Country	820m ²
	Total Shopfront Floorspace	17,500m²
<u>Tura Beach</u>		
	Woolworths	3,300m ²
	Total Shopfront Floorspace	7,500m²

Source: Published sources, Essential Economics

Allowing for the increase associated with the proposed Bunnings (i.e. the hardware warehouse component and excluding trade and garden areas) Tura Beach will still contain only approximately 25% of the shopfront floorspace operating in the Bega Town Centre, as shown in Figure 1 below.

Figure 1 Shopfront Floorspace Comparison (m²)



Further to shopfront uses, Bega continues to offer substantial additional community and civic infrastructure which ensures that primacy as the regional centre for the Sapphire Coast is not undermined.

Existing community infrastructure in Bega includes Council Offices, private hospital and regional (public) hospital, Centrelink and Medicare offices, court facilities, and education facilities - university, TAFE, high school, and three primary schools.

In combination, the high provision of retail and community infrastructure/services in Bega compared to Merimbula and Tura Beach, supports the rationale for identifying the town as the regional centre for the Sapphire Coast. However, regional land use policy does not preclude appropriate development of retail, commercial and community facilities outside of Bega subject to demand and locational requirements.

The development of a Bunnings at subject site will not undermine the ability of Bega to fulfill its role as the key regional service centre.

Table 2 Major Community Facilities in Bega, Tura Beach and Merimbula

Major Community Facilities and Services	
<u>Bega</u>	Bega Valley Shire Council Bega Valley Private Hospital South East Regional Hospital (recently opened) Centrelink and Medicare Offices Bega Courthouse University of Wollongong, Bega Campus Illawarra TAFE Institute Bega High School Bega Valley Public School (K-6) St Patrick's Primary School (K-6) Mumbulla School for Rudolf Steiner Education (K-6)
<u>Merimbula</u>	Merimbula RSL Club Merimbula Library Club Sapphire Merimbula Twin Cinema Merimbula Historical Museum and Historical Society Merimbula Public School (K-6)
<u>Tura Beach</u>	Community Library (recently opened)
Source:	Essential Economics
Note:	(K-6) denotes Kindergarten to Year 6)

The sheer magnitude of Bega's retail offer and provision of community and civic infrastructure compared to Merimbula and Tura Beach means that its primacy as the regional centre will not be threatened by the development of the small-format Bunnings Warehouse at Tura Beach.

Bulky Goods Development in Bega

Bega is identified in the South Coast Regional Strategy and Bega Valley Shire Commercial Strategy as the major retail centre of the Shire.

With specific regards to bulky goods, the Hill PDA report (2008), states that *"in order to protect Bega as the regional centre, limitations should be imposed on other centres including 'out-of-centre' or bulky goods/homemaker centres."*

No specific analysis or underlying rationale is provided by Hill PDA to support this highly prescriptive policy conclusion. In any case, the Hill PDA report does not preclude the development of some homemaker/bulky goods development at locations outside Bega.

The Gateway Determination (15th August) states that *"A Bunnings Warehouse is designed to attract business from within the broader region and would be more suitably located in the regional centre designed to accommodate such retail uses"*.

However, as outlined in Section 4 of this paper, Bega does not contain available sites with the appropriate attributes for the location of a Bunnings. Furthermore, no strategic policy

framework exists that provides Bunnings with a reasonable expectation that such a site would be made available.

In effect, the interpretation of the policy identified in the Gateway Determination provides the contradictory position that:

- A Bunnings should preferably located at the Bega regional centre
- No Bunnings can actually be accommodated by existing land use policy applying in Bega.

As also identified in this paper, no other existing commercial, mixed use or industrial zoned land in the balance of the Shire is suitable for a small-format Bunnings warehouse as proposed for the site at Tura Beach.

We note that at the time of writing the relevant reports and policies identified in the Gateway Determination (2006 to 2008), Bunnings had not refined its warehouse store format to allow for development in relatively smaller regional markets of 25,000 to 30,000 persons, such as the Sapphire Coast. For example, in 2013 Bunnings opened a store in the regional town of Forbes which has been a very successful example of the small-format hardware warehouse model.

For this reason, the relevant policies have not anticipated the commercial success and demand for the Bunnings warehouse retail format in regional areas. This reflects a shortcoming of those policies in the current context of contemporary retail industry and consumer expectations.

Small Area Population and Demographic Considerations

Neither the Bega Valley Commercial Strategy (2006) nor Hill PDA report (2008) provide small area population forecasts upon which the subsequent conclusions and policy settings are based.

Although the Commercial Strategy (2006) provides some guidance on future population growth this is for two high-level 'catchments' defined separately for Bega and Merimbula/Pambula/Tura (combined) for the year 2025.

Furthermore, the Hill PDA report provides the 2006 population for individual towns, with no indication of future population growth at each location provided at all.

As a result, despite the relevant policies having highly detailed expectations of future development patterns for the retail sector by centre, no suitably detailed small area analysis is provided to support these expectations.

In contrast, the Economic Impact Assessment prepared in support of the Bunnings application provides a detailed trade area analysis for the proposed store. As already noted, the key analysis and conclusions arising from that retail-economic analysis are not contested in the Gateway Determination.

Actual Population Trends

Population growth between 2006 and 2015 is displayed in Table 3 using the same statistical boundaries applied in the HillPDA report. Merimbula and Tura Beach each experienced population growth of +320 persons 2006 to 2015, or +640 persons combined.

In contrast, the population of Bega increased by +290 persons. Map 5 shows small area population change in the surrounding region.

Table 3 Population Trends by Locality, 2006 to 2015

	2006	2011	2015	2006-2015
<u>Population (No.)</u>				
Tura Beach	2,820	3,040	3,140	+320
Merimbula	3,870	4,110	4,190	+320
Bega	4,600	4,780	4,890	+290
<u>Average Annual Growth (%)</u>				
Tura Beach	-	+1.5%	+0.6%	+1.1%
Merimbula	-	+1.2%	+0.4%	+0.8%
Bega	-	+0.8%	+0.5%	+0.6%
<u>Average Annual Growth (No.)</u>				
Tura Beach	-	+40	+20	+32
Merimbula	-	+50	+20	+32
Bega	-	+40	+20	+29

Source: ABS Estimated Resident Population

In addition, dwelling approvals by locality from 2011 to 2015 show Merimbula (120 dwelling approvals) and Tura Beach (96) each recorded more dwelling approvals than Bega (92 dwelling approvals). This is summarised in Table 4 and Map 6.

Table 4 Dwelling Approvals by Locality, 2011 to 2015

	2011	2012	2013	2014	2015	2011 to 2015
<u>Dwelling Approvals (No.)</u>						
Tura Beach	23	9	17	14	33	96
Merimbula	20	15	24	42	19	120
Bega	25	16	15	19	17	92

Source: ABS Building Approvals

Given the patterns of population and dwelling growth which are emerging on the Sapphire Coast, the proposed Bunnings Merimbula reflects a development outcome which responds to local demand patterns.

Bunnings has a strong role in serving the trade sector, with housing construction a key demand driver. In this respect, the proposed location at Tura Beach provides a location which is highly accessible to key customer markets.

7 Summary and Conclusion

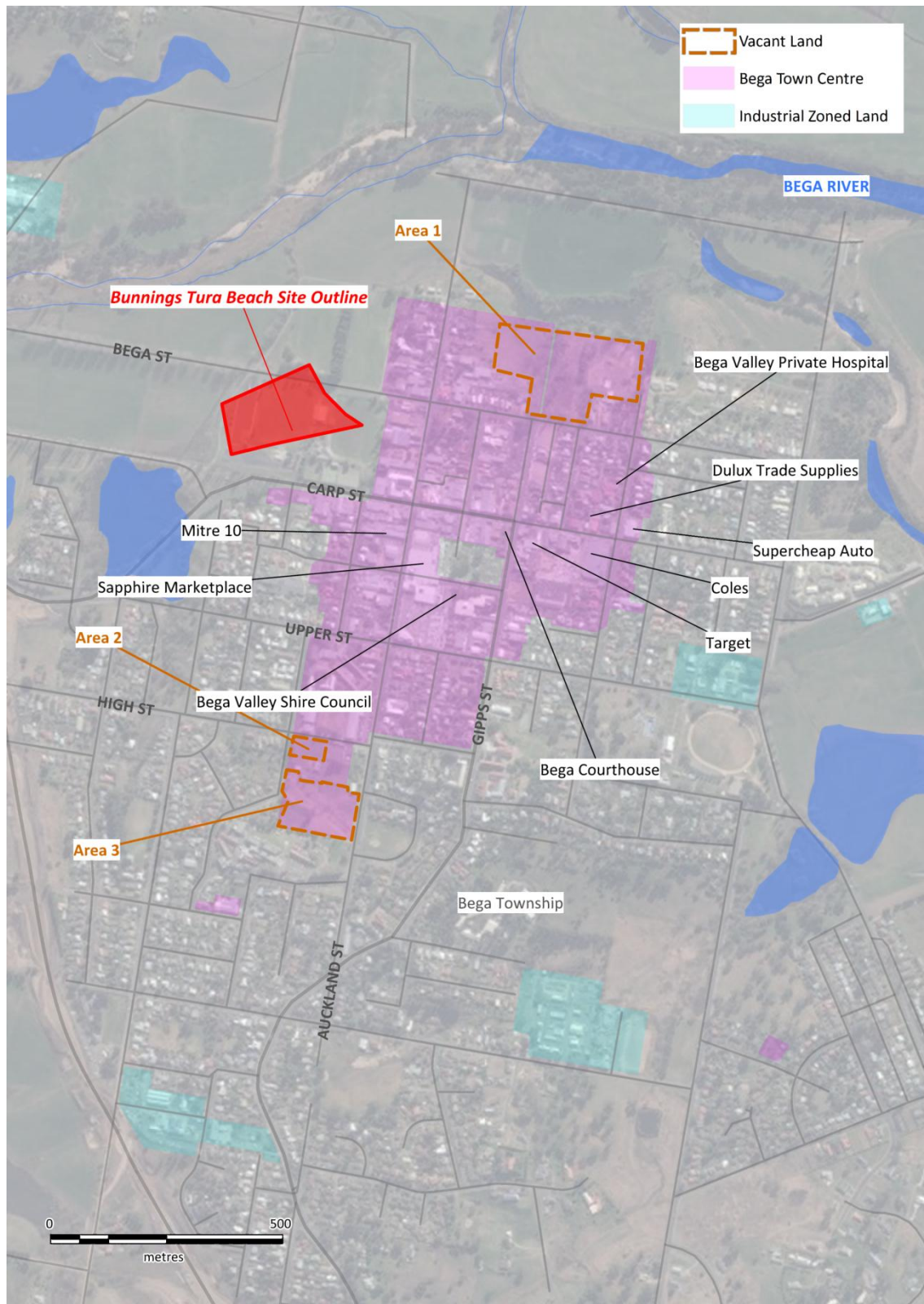
Further to the Gateway Determination regarding the proposed Bunnings Merimbula located at Tura Beach, the following is considered relevant for further consideration:

- **Regional Store Network.** Bunnings has an increasingly strong network of stores in regional areas of New South Wales and Australia. The Sapphire Coast is considered a 'gap' in that store network and means that household and trade hardware customers lack access to the Bunnings warehouse store format which is available in much of regional Australia.
- **Location Requirements.** The nature of the Bunnings warehouse store model means that it is not unusual have difficulty identifying appropriate sites which meet all required locational, size, planning and other attributes. The subject site at Tura Beach is a site which meets these general requirements.
- **Site Alternatives.** A detailed review of the Sapphire Coast has identified no appropriate and available alternative locations for a Bunnings to serve the Sapphire Coast. Other appropriately zoned sites have a range of constraints which mean an alternative location for Bunnings has not been identified. The requirement for Bunnings to consider alternative sites which are not appropriately zoned is onerous and unnecessary in the context of current land use policies relevant to the proposal.
- **Tura Beach.** The proposed site at Tura Beach represents an edge-of-centre location to the Tura Beach local centre. Bunnings and the adjacent local centre will have a clear distinction in their role and function, although will share some land use synergies of the type broadly supported by centre's policies in New South Wales. No long-term scope exists for the Tura Beach centre to physically expand to a level likely to undermine the directions of regional land use policies that emphasise the regional role of Bega.
- **Policy Discretion.** It is appropriate for an appropriate degree of policy discretion to be applied to the Bunnings Merimbula in view of the age of the policies which currently apply. When considered in the current context, the proposal does not undermine the key directions of those policies, such as the primacy of Bega as the regional service centre. Considerable change has occurred in the development patterns of the Sapphire Coast since the implementation of those policies, as well as evolving retail industry and consumer expectations.

Essential Economics

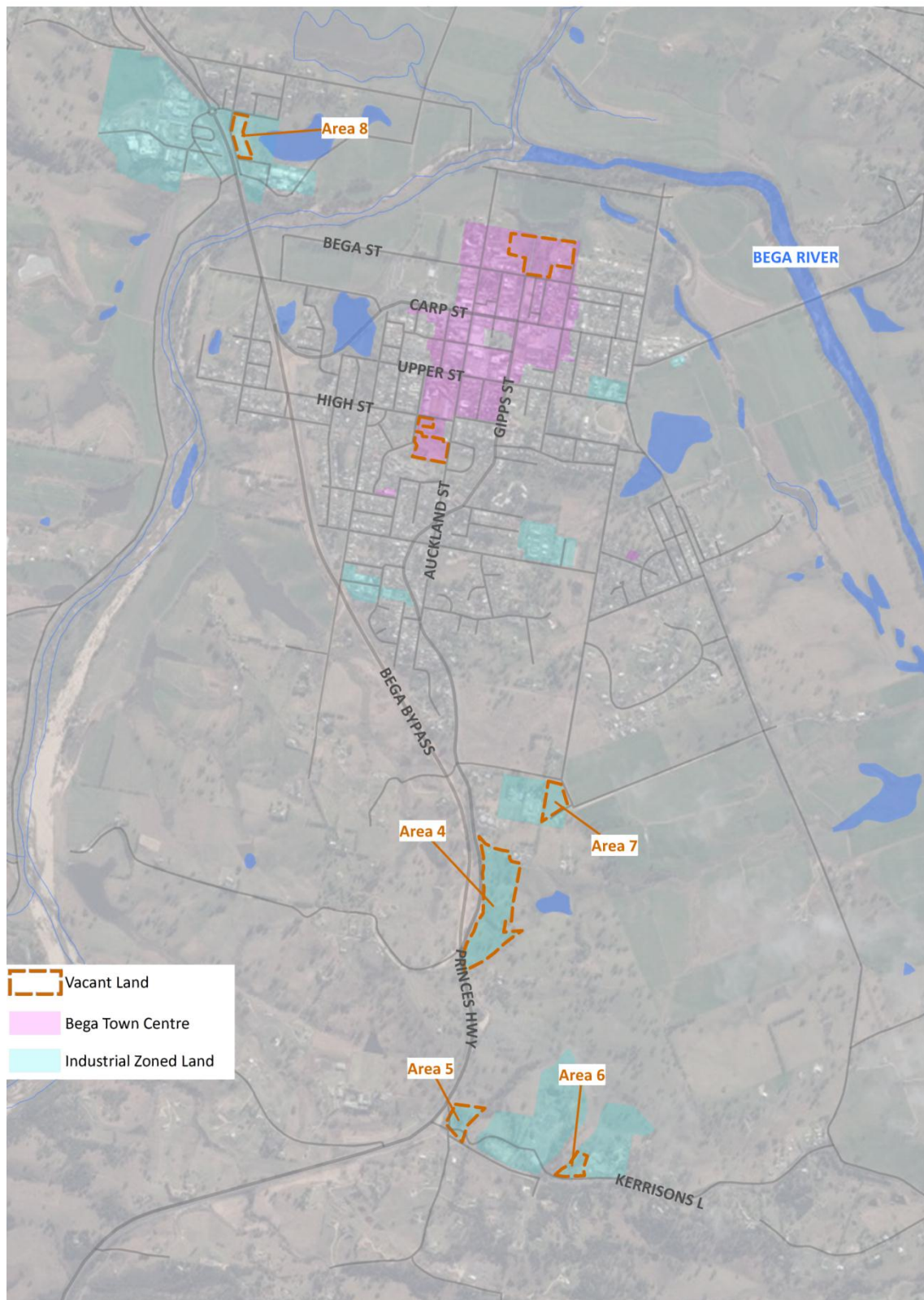
26 September 2016

Map 1 Bega Town Centre with Bunnings Site Outline to Scale



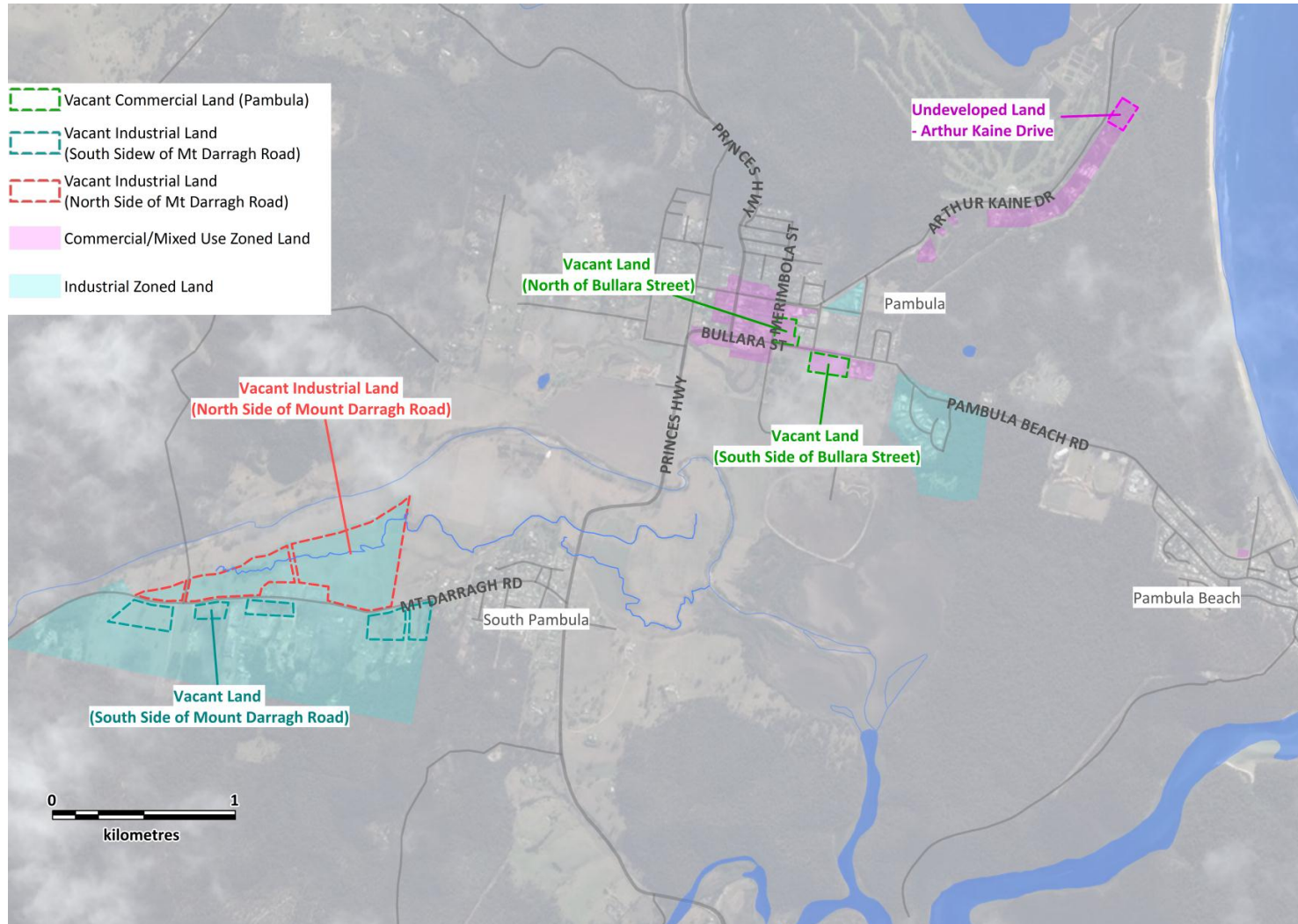
Source: Essential Economics with StreetPro and BingMaps

Map 2 Industrial Land Context at Bega



Source: Essential Economics with StreetPro and BingMaps

Map 3 Industrial and Commercial/Mixed Use Land at Pambula



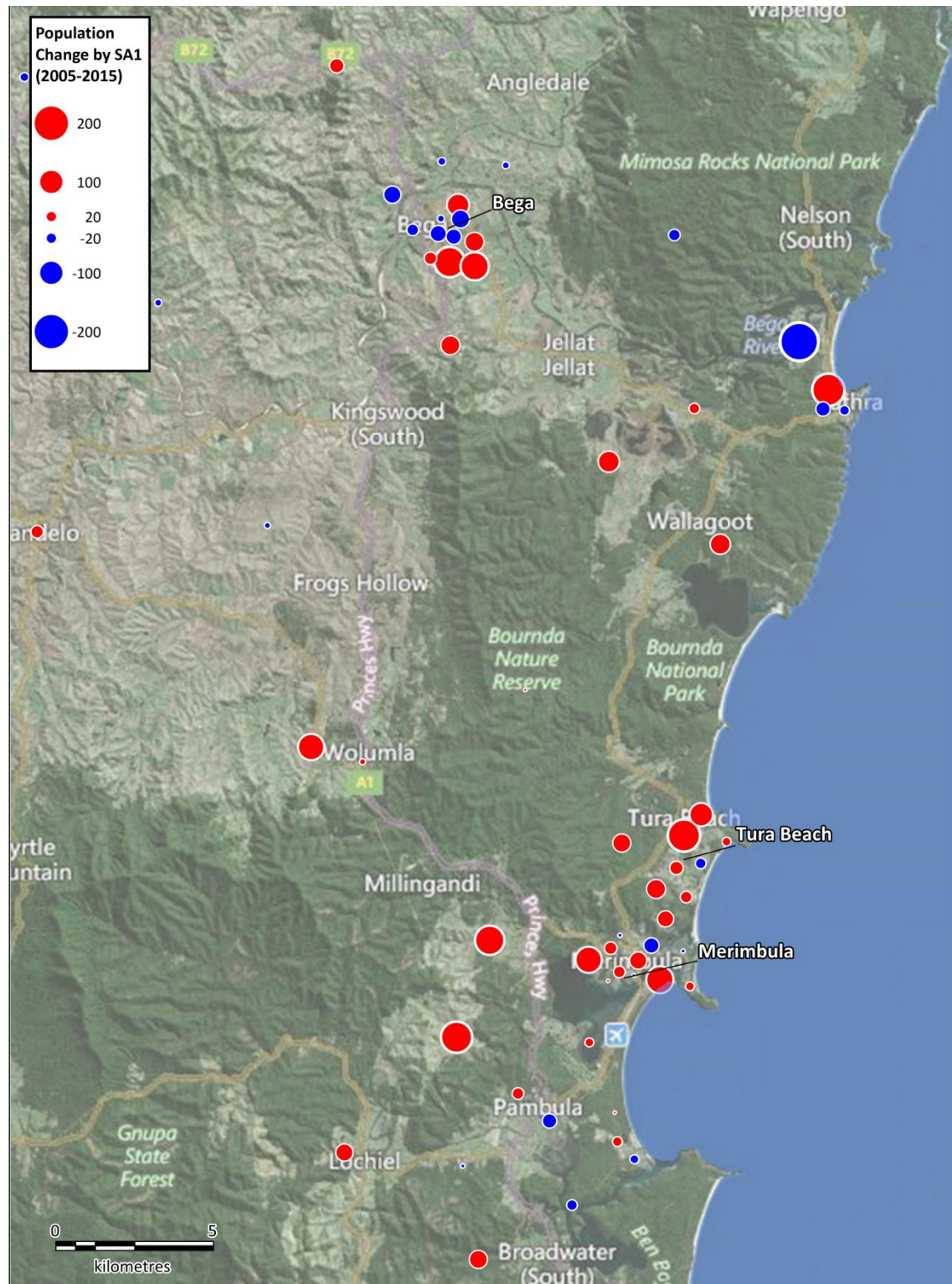
Source: Essential Economics and StreetPro with BingMaps

Map 4 **Tura Beach Site Context**



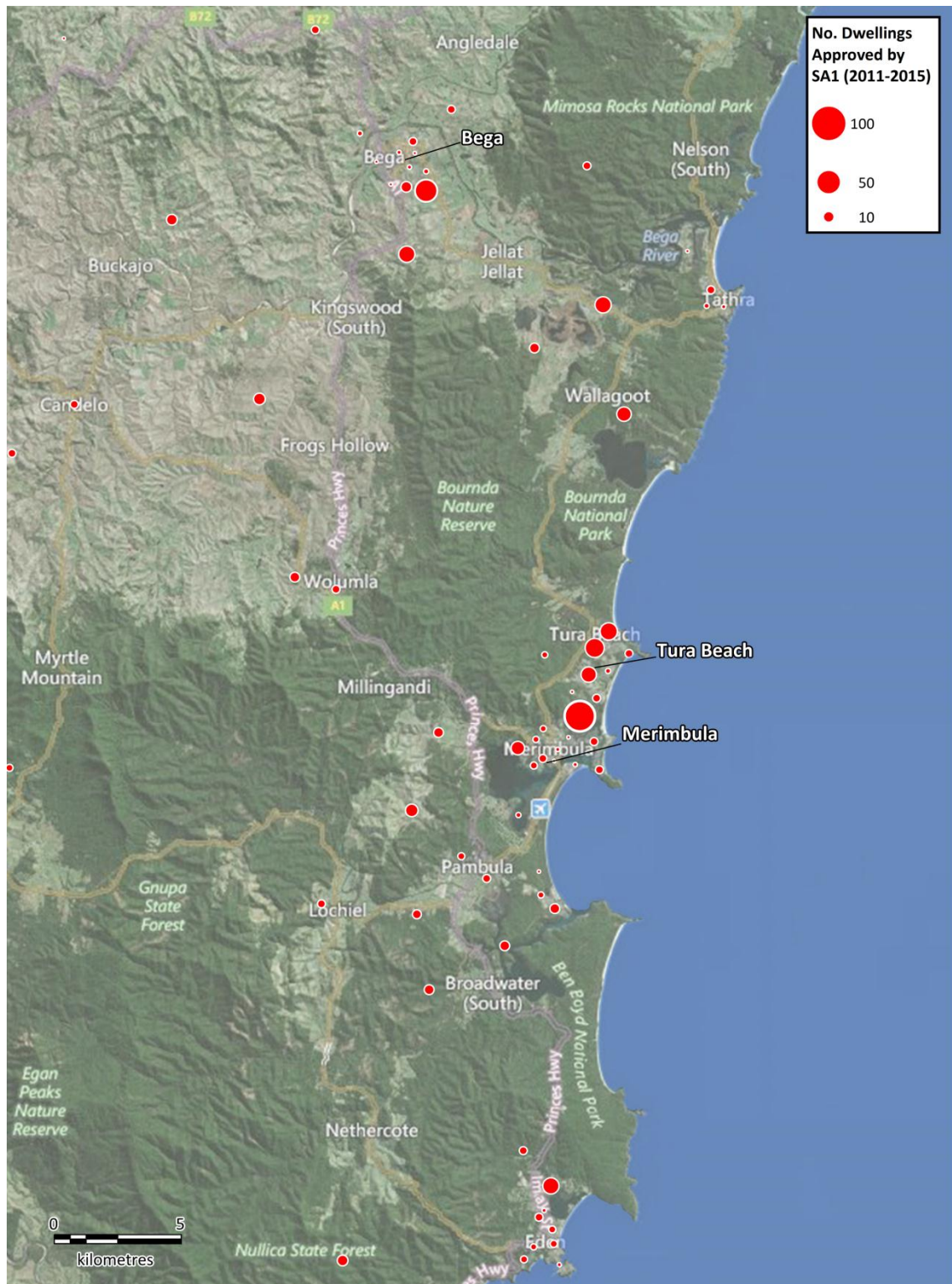
Source: Essential Economics with StreetPro and BingMaps

Map 5 Population Trends Sapphire Coast Region



Source: Mapinfo Pro and Bing Maps; ABS Regional Population Growth, Cat. 3218.0; Essential Economics

Map 6 Dwelling Approvals Trends Sapphire Coast Region



Source: Mapinfo Pro and Bing Maps; ABS Building Approvals; Essential Economics