



24-26 GLEN INNES ROAD INVERELL

Economic Impact Assessment

Prepared for North Shore Petroleum Pty Ltd
January 2021

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INTRODUCTION

This report presents an independent economic impact assessment for a service station redevelopment at a site on the corner of Chester Street and Glenn Innes Road at Inverell. This site is currently occupied by a Liberty service station; however, a redevelopment is now proposed to align with a new roundabout being constructed at the adjoining intersection.

The purpose of the report is to assess the likely economic impacts that would result from the proposed development, which is planned to include an enlarged Liberty service station comprising nine pumps, a retail convenience store area of approximately 350 square metres and an adjoining bulk produce outlet of approximately 500 square metres. This development would replace the existing Liberty service station comprising four pumps with an adjoining convenience store as well as a two-bay service garage. The overall need for the proposal is also assessed.

The report is structured and presented in **six (6)** sections as follows:

- **Section 1** details the location of the proposed Inverell service station and discusses the regional and local context of the site. The proposed development scheme is also reviewed.
- **Section 2** reviews the planning environment and the implications for economic need.
- **Section 3** presents an overview of the service station industry in Australia and relevant benchmarks for service station provision and performance.
- **Section 4** examines the customer segments which are relevant to the proposal, including local resident, and passing traffic.
- **Section 5** provides an overview of the current and future competitive environment within which the proposed Inverell service station would operate.
- **Section 6** assesses the potential for the proposed service station and likely economic impacts. The overall need for the development is also discussed.



COVID-19 DISCLAIMER

COVID-19 is a respiratory illness caused by a new form of coronavirus. It was first reported in December 2019 in Wuhan City in China, with the virus able to be spread easily from person to person. The first Australian cases were recorded on 25 January 2020. As at the 17th January 2021, there have been 28,708 confirmed cases of COVID-19 in Australia, with 19 new cases recorded over the last 24-hour period.

Since the outbreak of COVID-19 in Australia, the Federal and State governments have taken a precautionary approach to implementing strategies to minimise disease transmission through strong border measures, social distancing legislation and communication activities. Each of the States and Territories are enforcing restrictions at different levels, depending on the numbers of cases and rate of transmission of the virus.

Unprecedented world events such as the COVID-19 pandemic will take time for the market to absorb and be reflected in the data used to assess its impact. As such, it is difficult to predict the scale and duration of its impact on the Australian economy, and more specifically, on the property market. On this basis, changes in market conditions as at the date of this report may not be reflected in the data and information.

Location IQ will continue to monitor the impact of the pandemic on the retail landscape, sales, and consumer preferences with a view to implementing findings in future reports and forecasts. The information and recommendations in this report are current as at the date of this report and (unless otherwise specifically stated) necessarily assume that the Australian economy and the subject asset(s) or site(s) to which the report relates, have not been significantly impacted by the COVID-19 pandemic. However, it is important to note that the COVID-19 pandemic is an important risk factor which must be taken into consideration when relying on the data and recommendations in this report.

Location IQ disclaim all liability and responsibility in respect of any loss suffered or incurred as a result of the COVID-19 pandemic materially impacting the findings of this report, but only to the extent that such impact is not reflected in the data and information used to support the recommendations.



EXECUTIVE SUMMARY

- i. The key findings from the research in relation to the potential for an expanded petrol station at the subject site in Inverell are summarised below. In general, the subject site would serve a large resident catchment together with significant passing traffic along Gwydir Highway (Glen Innes Road).

Site Location and Development

- i. Inverell is situated in the Northern Tablelands of New South Wales, approximately 450 kilometres north of Sydney, and 320 kilometres south west of Brisbane.
- ii. The township of Inverell is strategically located at the intersection of a number of major roads, including the Gwydir Highway, providing east-west access; Ashford Road and Yetman Road, providing access from the north; and Bundarra Road and Old Bundarra Road providing access from the south.
- iii. The subject site is located at the eastern entry to the town on the corner of Glen Innes Road and Chester Street.
- iv. The site is currently occupied by a Liberty service station with four bowzers and approximately six filling spots. The adjoining convenience store is approximately 150 square metres with a two-bay service garage also provided.
- v. The site is now proposed to be redeveloped in line with new roundabout works being undertaken at the intersection of Chester Street and Glen Innes Road. The redeveloped site would also incorporate two adjoining properties.
- vi. The proposed Inverell service station development will include:
 - A Liberty service station with nine bowzers and 18 filling spots.
 - An associated convenience store of 362 sq.m including a bulk produce display component.
 - A drive-thru bulk produce/rural supplies area of 488 sq.m.
 - A car wash facility.
 - Car parking for 15 vehicles.
- vii. Ingress and Egress to the site would be provided to from Chester Road and Chester Lane.

Planning Environment

- i. A review of the location of other service stations within the township of Inverell indicates they are located within the B2 Local Centre zoning - comprising the majority of the area of the town centre, B5 - Business Development on the western edge of town and also in the general industrial area on the northern edge of town.
- ii. Service stations, therefore, are generally acceptable uses in a range of zonings within the town.
- iii. The existing facilities on the B1 Neighbourhood Centre site both in and surrounding the subject site tend to operate more in line with serving a broader area characterised by larger uses.
- iv. The proposed redevelopment, including a larger service station and rural supplies/bulk produce store, would be in keeping with existing uses that serve broader areas rather than just the immediate surrounding neighbourhood.

Customer Segments

- i. The main trade area has been defined to incorporate an area that extends 50 to 60 kilometres around the township of Inverell. The extensive area served by the subject development reflects its location in the Inverell township where residents from the broader area would be attracted to the township and often travelling past the subject site.
- ii. Although the subject facility is located on the eastern side of the Inverell township, and would serve residents in immediate area, its location on a major road means this local area would only account for a very small proportion of total service station sales. Further, the inclusion of a bulk supply/rural produce facility would also mean it would serve a more extensive area than the immediate local neighbourhood.
- iii. It is relevant to note that the proposed development would also serve a range of residents and visitors from beyond the main trade area who would regularly travel past the site.
- iv. The Inverell main trade area population is currently estimated at 21,120 and is projected to increase slightly to 21,420 by 2041. The trade area growth, therefore, is minimal.
- v. The socio-economic profile of the Inverell service station main trade area population is typical of a non-metropolitan NSW area, characterised by an Australian born, family market.
- vi. Overall, the total fuel market within the main trade area is estimated at 20.0 million litres in 2020 and is projected to increase to 20.3 million litres by 2041. This represents an increase of 0.3 million litres over that timeframe.

- vii. Other customer segments include passing traffic with the total average annual daily traffic for Chester Street and Glen Innes Road projected to reach approximately 18,000 in 2022.

Competition

- i. There are six other service stations currently provided within the township of Inverell with a range of other service stations located in surrounding towns.
- ii. Overall, in the defined trade area, there are fifteen existing service stations. For the current trade area population and provision, this represents one service station for every 1,400 persons.
- iii. The majority of traditional retail facilities within Inverell are located in the B2 Local Centre zoning within the town centre. Facilities within this town centre total in excess of 30,000 square metres and include, a Big W discount department store, Woolworths, Coles and IGA supermarkets.

Need

- i. In terms of economic impacts, the expanded facility would attract market share from other service stations in the surrounding area, noting that all service stations have been in operation for an extended period of time and that there are six stations, of which impacts would be spread within the immediate area of the township of Inverell.
- ii. The subject facility would also provide improved accessibility and service for larger vehicles such as trucks, of which only two service stations currently service within the immediate Inverell township.
- iii. The expanded Liberty service station would result in additional choice, convenience, and pricing for service station spending.
- iv. There is a logical gap in the market for such a facility to serve traffic for both residents and heavy vehicles on the eastern side of the Inverell township.
- v. The subject development would not impact on the continued operation of other service stations within the area, with the size of the resident market and significant passing volumes of traffic along the captain Gwydir Highway (Glen Innes Road), indicating demand for such facilities.
- vi. The subject proposal has Liberty as a committed tenant to operate the expanded service station. Experienced operators understand the viability of such stores that enable a new competitor to compete with existing players, which are located in high profile locations along major roads. Reflecting the trend in fuel service stations locating along major roads, the subject site provides a high-profile location for the continued successful operation of such a facility to serve residents and passing traffic.
- vii. The convenience store aspect of the facility would serve a neighbourhood role for residents in the immediate area, while also for petrol station customers.

- viii. The existing operation at the subject site already sells some rural supplies and this would be expanded as part of the redevelopment. Rural supplies stores typically do not locate in centres, given they are a specialised retail use, and typically operate on the edge of centres.
- ix. Overall, the proposed development is in keeping with a site located on the edge of a town centre providing peripheral uses which serve a broader area. The economic operation of the site is more in keeping with enterprise zoning corridor rather than a traditional neighbourhood centre zoning. The uses, however, have no implications for the overall operation of the retail hierarchy, particularly in the B2 Local Centre zoning, as analysed in the following subsection.

Impacts

- i. The expanded development in total would account for less than 1% of the total retail spending market and will have no implications for surrounding centres or the hierarchy of centres.
- ii. The net gain in sales from the development would be in the order of \$2 million.
- iii. The overall impact of the subject development is projected to be minimal, with additional sales at approximately \$2.3 million, of which \$2.1 million will be redirected from retail facilities in Inverell and \$0.2 million from other facilities within the broader Inverell trade area (Table 6.1). This represents impacts of 1.2% on each facility, with market growth to quickly ameliorate impacts. Consequently, there are no implications for the hierarchy of centres.
- iv. The proposed development would generate a total of some 39 directly and indirectly jobs throughout the community.
- v. The allowance for specialised retail uses such as a bulk produce/rural supply store would be in keeping with that trend and not impact on the operation of the hierarchy of centres.
- vi. The positive economic impacts serves to more than offset the trading impacts that could be anticipated the existing retail stores in the region. Further, the impacts would not threaten the viability of any centres or the retail hierarchy.

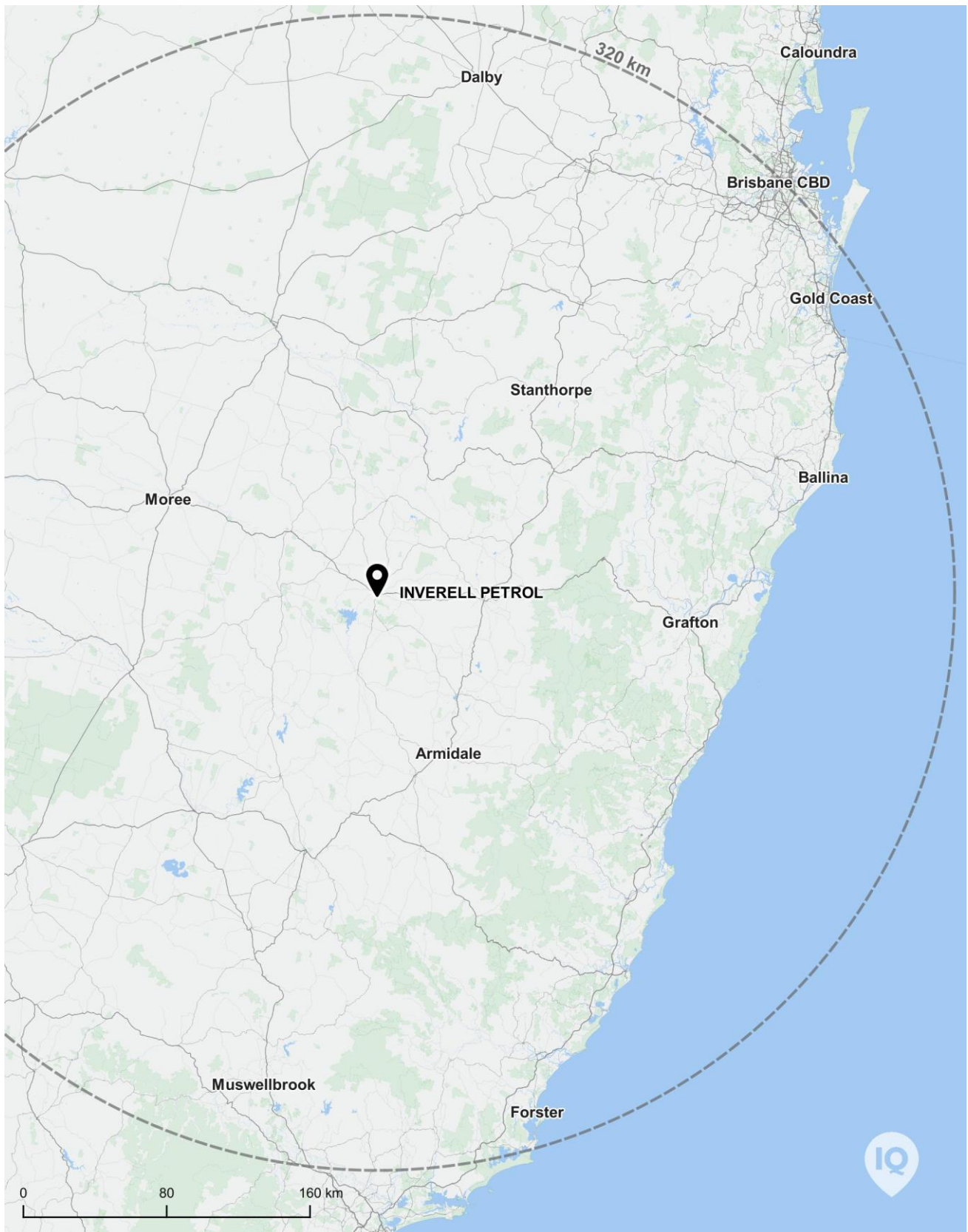
1 LOCATION AND PROPOSED DEVELOPMENT

This section of the report reviews the regional and local context of the proposed Inverell service station site and provides an overview of the proposed development scheme.

1.1. Regional and Local Context

- i. Inverell is situated in the Northern Tablelands of New South Wales, approximately 450 kilometres north of Sydney, and 320 kilometres south west of Brisbane (refer Map 1.1).
- ii. Inverell Shire is a thriving regional centre and a commercial hub for an estimated 60,000 people with the Shire's population of approximately 17,000.
- iii. Total gross regional product is in the order of \$820 million, driven by broadacre cropping and cattle. The largest employer of Inverell Shire is Bindaree Beef.
- iv. The township of Inverell is strategically located at the intersection of a number of major roads, including the Gwydir Highway, providing east-west access; Ashford Road and Yetman Road, providing access from the north; and Bundarra Road and Old Bundarra Road providing access from the south. The town is well located to serve surrounding townships such as Ashford, Tingha, Gilgai, Delungra, Warialda and Bingara.
- v. The subject site is located at the eastern entry to the town on the corner of Glen Innes Road and Chester Street. Map 1.2 illustrates the local context with surrounding facilities including:
 - Sapphire City Motor Inn to the east.
 - Self-storage facility to the west.
 - Inverell Caravan Park and Motor Inn facilities to the south west.
 - The Inverell East sporting club and bowling club to the south east.
 - The core town centre area located approximately 350 metres to the west, along Glen Innes Road.
- vi. Overall, the subject site occupies a high-profile location along a major arterial route through the area. The subject site receives excellent exposure to passing traffic and is conveniently located for traffic travelling along both Glen Innes Road and Chester Street.

MAP 1.1. REGIONAL CONTEXT



MAP 1.2. LOCAL CONTEXT



PhotoMap by NSW Six map

- | | | |
|--|--|---|
| Site | Education | Sports |
| Shopping Centre | Community | Commercial |
| Retail | Accommodation | |



1.2. Existing and Proposed Development

- i. The site is currently occupied by a Liberty service station with four bowzers and approximately six filling spots. The adjoining convenience store is approximately 150 square metres with a two-bay service garage also provided.
- ii. The site is now proposed to be redeveloped in line with new roundabout works being undertaken at the intersection of Chester Street and Glen Innes Road. The redeveloped site would also incorporate two adjoining properties, as illustrated on Map 1.3.
- iii. Figure 1.1 illustrates the layout of the proposed Inverell service station development with the major components including:
 - A Liberty service station with nine bowzers and 18 filling spots.
 - An associated convenience store of 362 sq.m including a bulk produce display component.
 - A drive-thru bulk produce/rural supplies area of 488 sq.m.
 - A car wash facility.
 - Car parking for 15 vehicles.
- iv. Ingress and Egress to the site would be provided to from Chester Road and Chester Lane (Figure 1.1).
- v. Overall, the proposed development would offer a high degree of customer amenity and convenience by way of its high-profile site, easily accessible location, and simple design.

MAP 1.3. DEVELOPMENT SITES

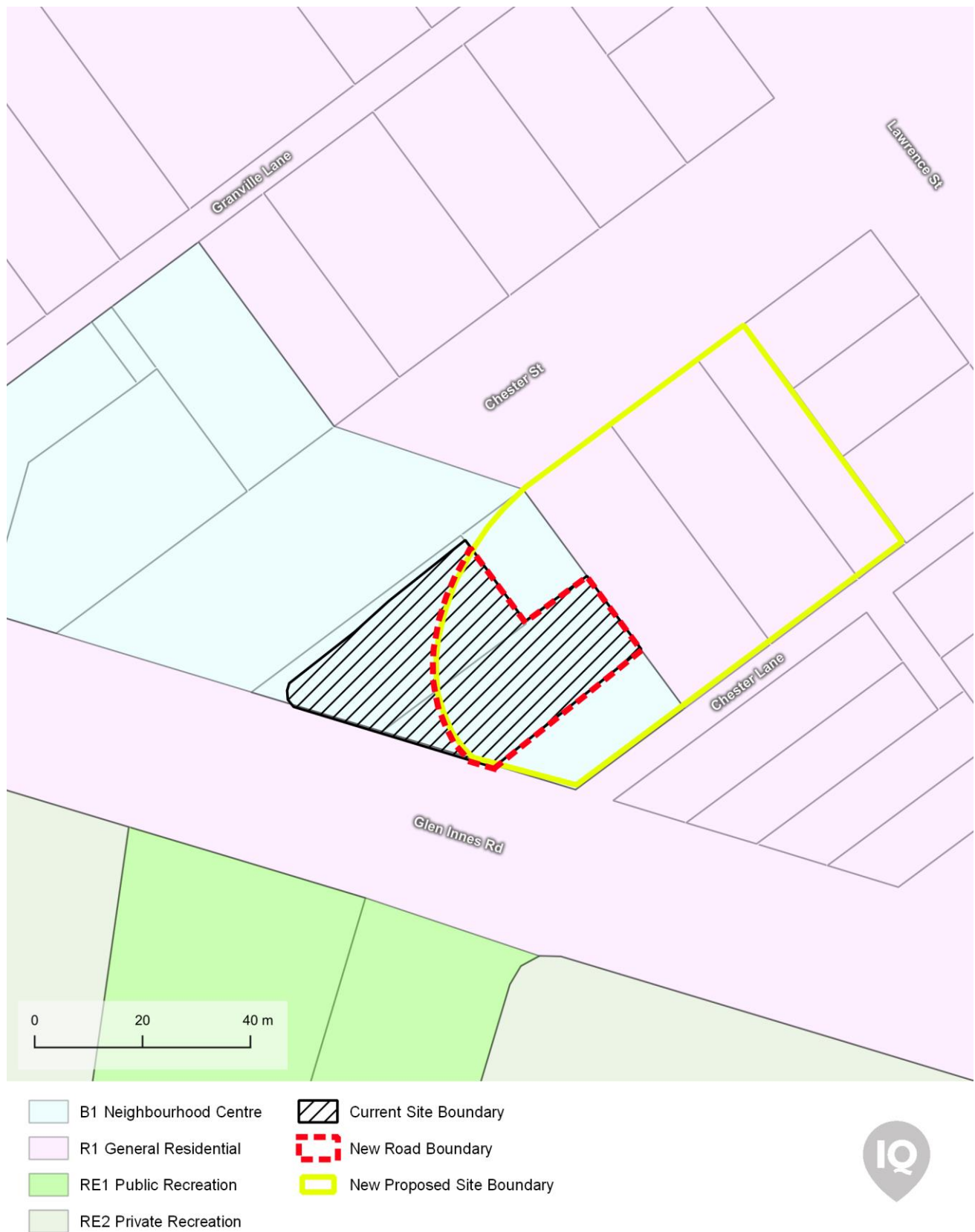
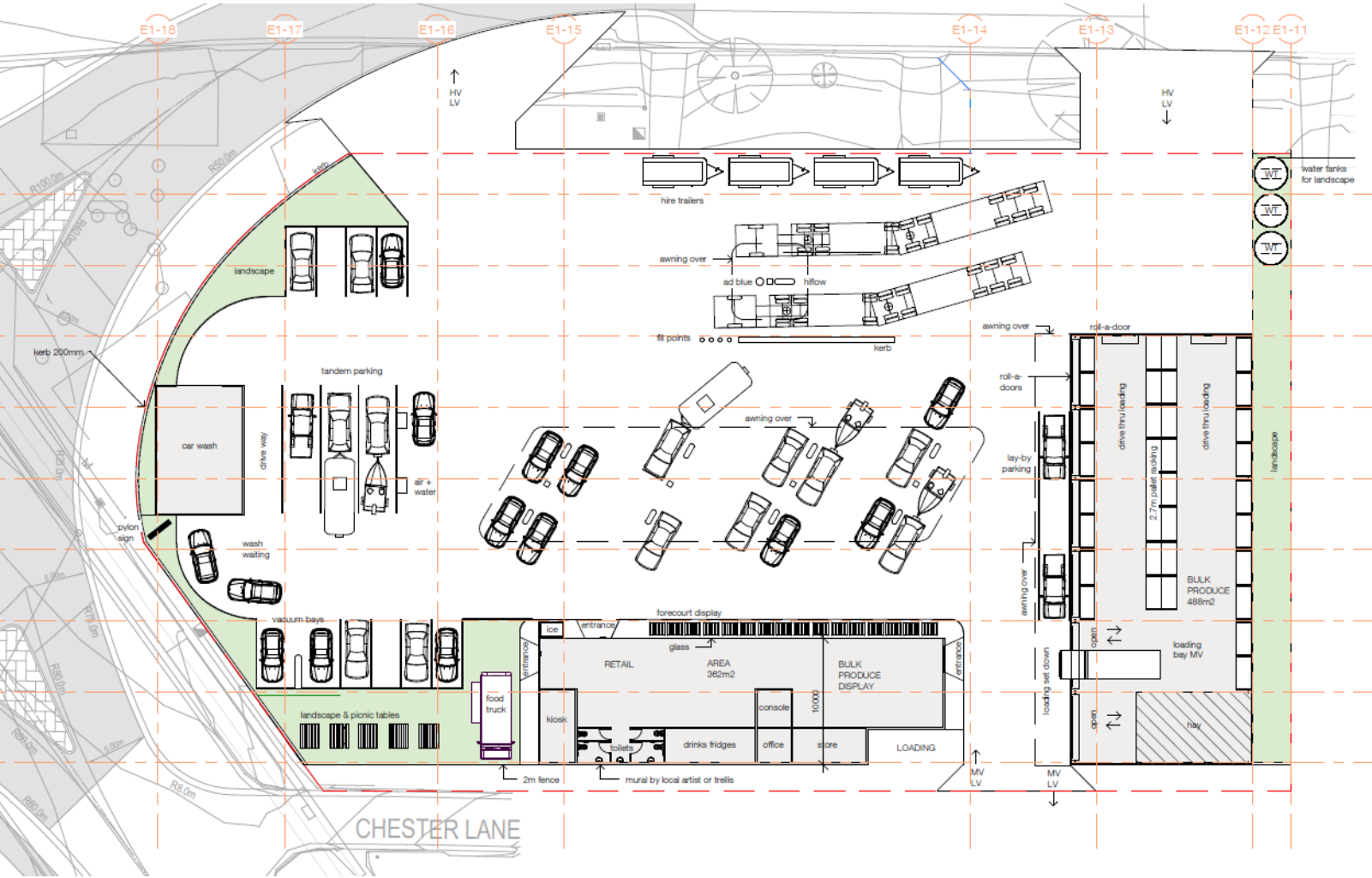


FIGURE 1.1. PROPOSED SITE PLAN



2 PLANNING ENVIRONMENT

- i. This section of the report provides a high level review the relevant planning documentation relating to the proposed development site and how that impacts on the economic need for the development.

2.1. Inverell Local Environment Plan 2012

- ii. The existing service station at the subject site is zoned B1 Neighbourhood Centre, with adjoining lots zoned general residential.
- iii. In relation to the B1 Neighbourhood zoning, the objectives of the zone are indicated as follows:

“To provide a range of small-scale retail, business and community uses that serve the needs of people who live or work in the surrounding neighbourhood”.

- iv. The bulk of the other B1 zoned land in the immediate area is located on the opposite side of Chester Road and is occupied by self-storage. Consequently, existing uses in the B1 Neighbourhood zoned area would typically be serving a larger area than the immediate neighbourhood, reflective of their location along Glen Innes Road and comprising a service station and self-storage facilities which would attract business from a broader area rather than the immediate location.
- v. A review of the location of other service stations within the township of Inverell indicates they are located within the B2 Local Centre zoning - comprising the majority of the area of the town centre, B5 - Business Development on the western edge of town and also in the general industrial area on the northern edge of town.
- vi. Service stations, therefore, are generally acceptable uses in a range of zonings within the town.

2.2. Inverell Development Control Plan 2013.

- i. Section 4 of the Inverell Development Control Plan 2013 is entitled, Commercial and Industrial Development. Section 4.2 is entitled, Intent and reads as follows.

The intent of this chapter is to:

♣ Promote orderly and well designed development in accordance with the hierarchy of commercial precincts within Inverell. These precincts are:

– *Town Centre Core Area* – The preferred location for shopfront retail activity, including major new stores (excluding bulky goods), and is also the main pedestrian area within the town centre. This core includes a periphery of major community facilities, office and professional services. Refer to Figure 4.1.

– *Town Centre Outer Area* – Adjoins the town centre core area and is currently characterised by light industrial and commercial activities. Refer to Figure 4.1. Small format bulky goods stores or stores less than 1000m² Gross Floor Area (GFA) are encouraged in this area. Large retail outlets greater than 1000m² GFA should not be located in the Town Centre Outer Area.

– *Enterprise Corridor* – The area zoned B5 Business Development under the ILEP and which provides an effective land supply and appropriate location for the development of large floor area highway related commercial activities (ie large format bulky goods) that cannot be accommodated in the other commercial precincts.

– *Neighbourhood Centres* – A range of small scale precincts zoned B1 Neighbourhood Centre under the ILEP containing retail, business and community uses designed to serve the surrounding neighbourhood.

♣ *Sustain Inverell's role as an important district and sub-regional industrial centre, with the continuing provision of cost competitive, attractive and well-planned industrial areas to meet the town's requirements for the foreseeable future.*

♣ *Consider appropriate commercial and industrial development outside of commercial and industrial zoned areas, where the development is permissible and compatible with the surrounding area, and the establishment of such will not adversely impact on the viability of the central business district of Inverell.*

- ii. The subject site is located approximately 350 metres south of the core town centre area.
- iii. Facilities at the site are indicated to serve the surrounding neighbourhood with other locations, including the town centre outer area and enterprise corridor incorporating larger facilities serving broader regions.
- iv. The existing facilities on the B1 Neighbourhood Centre site both in and surrounding the subject site tend to operate more in line with serving a broader area characterised by larger uses.
- v. The proposed redevelopment, including a larger service station and rural supplies/bulk produce store, would be in keeping with existing uses that serve broader areas rather than just the immediate surrounding neighbourhood.

3 AUSTRALIAN FUEL INDUSTRY

This section of the report presents an overview of the Australian fuel industry including key information provided by the Australian Industry of Petroleum and the Australian Consumer and Competition Commission.

3.1. Australian Industry of Petroleum Data

- i. As a guide to the operation of the service station industry in Australia, the Australian Industry of Petroleum (AIP) is the key body representing Australia's oil industry. On that website, under the heading of Facts About the Australian Retail Fuel Market and Prices, in relation to fuel markets and trends, the following is stated:

"The retail fuel market is highly competitive (not a concentrated market) and has been undergoing significant change for the past three decades.

ACCC [Australian Competition and Consumer Commission] analysis shows that that "the most significant changes in market shares of retail sales by brand have been the increased market shares of the supermarkets". Around two thirds of retail price volumes are sold through sites operated by supermarket alliances or independents. "Major oil companies e.g. BP and Caltex now directly own and operate only 10% of retail petrol sites across Australia".

....

The most significant trend in the retail fuel sector over the last decade has been the reduction in the number of retail service station sites, and the move to higher volume outlets located in busy areas and on highways where there is greater traffic volume, thus achieving economies of scale.

The number of sites has reduced from around 20,000 sites in 1970 to around 6,300 sites now. According to the ACCC, Coles and Woolworths operate around 1,200 retail sites, which is around 20% of all service stations and account for approximately 48% of the total volume of petrol sold. However,

the ACCC also notes that the consolidation of retail sites has plateaued in recent years.”

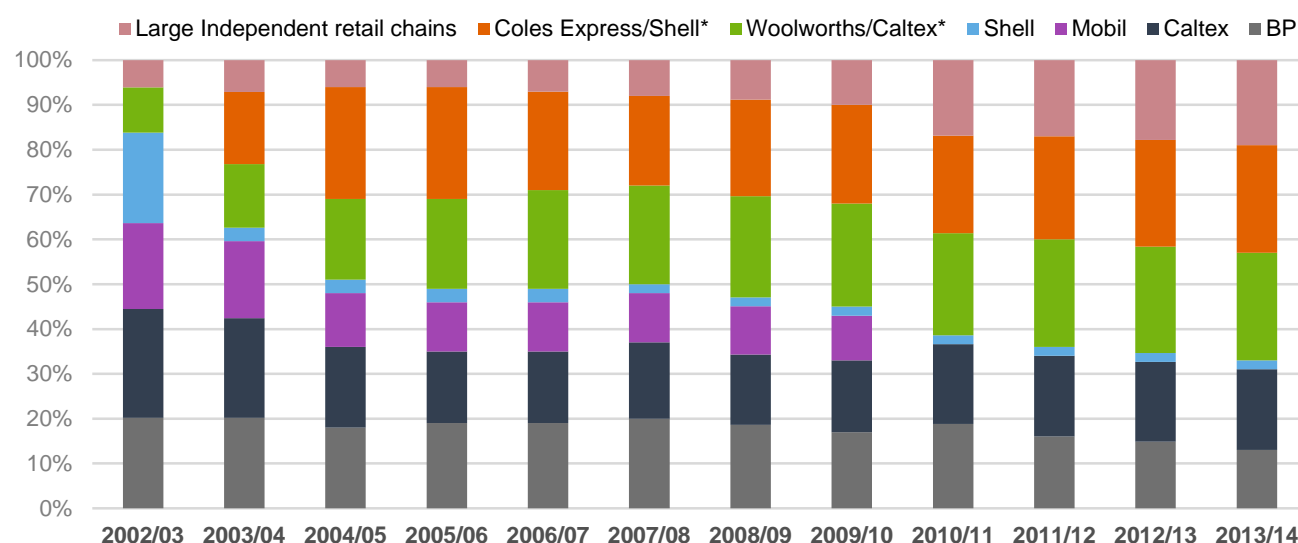
The AIP also notes in its discussion of City verses Country Prices that “Regional service stations typically see 1 tanker per 2-3 weeks versus 1 tanker per day at some city sites. The average customer base per service station is around 2,000 people in regional areas (and well below in many towns) whereas metro/city sites have a customer base of around 4,000 to 5,000”.

- ii. As a result, the ACCC has found that if a typical country service station is selling around half the volume of a typical city service station that it needs to sell petrol at around 4 cents per litre more to earn the same return on sales. “The ACCC estimates that prices in regional centres and country towns have been about 5.8 cents per litre higher, on average, than prices in the five largest cities over the past 10 years”.
- iii. In addition, the guide notes that with the reduction in the number of service stations, the average volume sold at each site has increased and there has been increasing reliance on revenue from non-fuel products such as convenience sales and car washing. The ACCC estimates that the average gross margin on non-fuel shop sales was 30.6% in 2013-14, in contrast to the gross margin on petrol sales of 8.1% and 8.3% for diesel.

3.2. ACCC Report

- i. The ACCC previously prepared an annual report called “The Monitoring of the Australian Petroleum Industry” which investigated the prices, profits, and costs of unleaded petrol in Australia. The most recent edition was in December 2014. More recently, the ACCC has prepared quarterly reports on the Australian Petroleum Market, the most recent is dated December quarter 2020 and released September 2020.
- ii. From that 2014 report, Chart 3.1 below is a reproduction of Table 3.6 of that report, indicating the share of the market by individual brands throughout Australia. This indicates the large independent retail chains and the supermarkets have experienced significant increases in the share of retail petrol sales monitored by the ACCC over the last 12 years.
- iii. Section 3.7.3 of the ACCC report indicates that there is in the range of 6,000 – 6,500 petrol outlets in Australia since the mid-2000s, consistent with the AIP research. This is the equivalent of about one service station per 3,600 to 3,900 people.

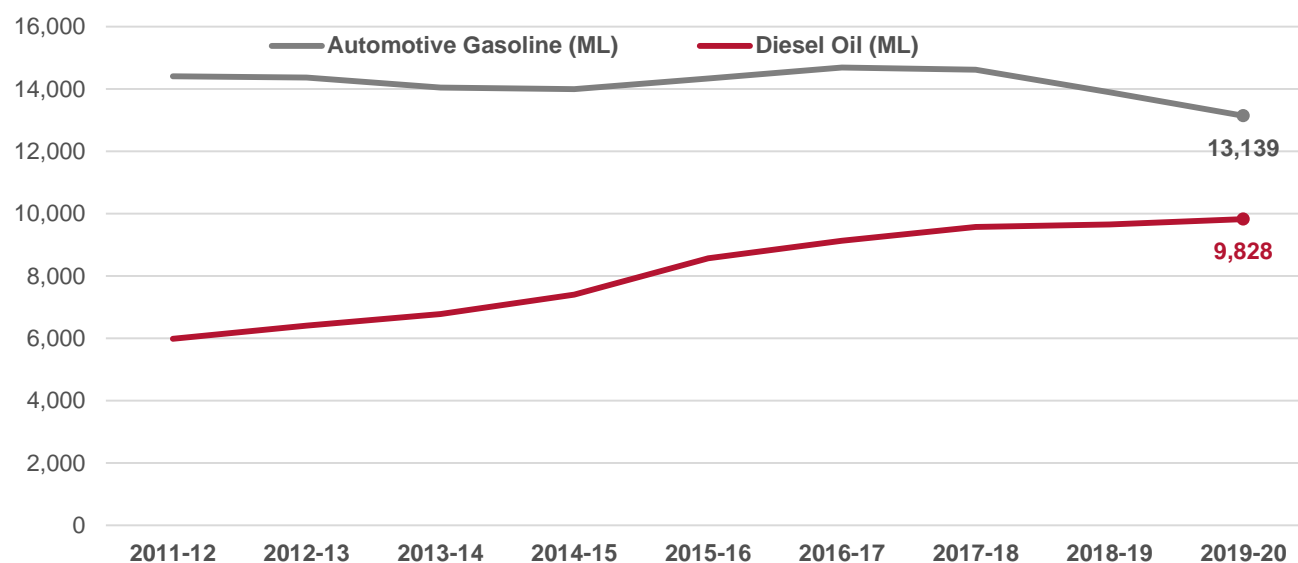
CHART 3.1. SHARE OF AUSTRALIAN RETAIL PETROL SALES



Source: ACCC * Denotes co-branded operators

- iv. The ACCC estimated that there were 7,100 retail sites in Australia as of June 2017 (an average of one per 3,460 persons), reflective of an increasing trend for new service stations in the past for four to five years throughout Australia generally. Research by Location IQ indicates that there are now approximately 7,400 service stations in Australia, representing one store for every 3,400 persons.
- v. The total sale of automotive gasoline (unleaded fuel) in Australia is 16,100 ML (source: Australian Petroleum Statistics, Department of Industry, Innovation and Science, June 2020) of which sales to retailers is 13,100 ML (noting sales have decreased in the past year due to COVID). With some 7,400 service stations in Australia this represents around 2.2 million litres of unleaded fuel per station, on average.
- vi. In addition, diesel accounted for another 9,800 ML, as well as LPG at 520 ML resulting in a total retail market of 23,400 ML. The average number of litres of fuel, diesel, and LPG per station, therefore, is around 3.2 million litres (i.e. 23,400 ML divided by 7,400). Relevantly, these figures are COVID impacted and were 3.4 million litres per station in the previous year.
- vii. Over the eight years to 2018/19, the total volume of unleaded fuel, diesel and LPG sold by the retail market has increased by an average of 1.6% per annum, which matches population growth over this period.
- viii. Chart 3.2 presents the retail sales of automotive gasoline and fuel over the nine-year period to 2019/20. This indicates that diesel sales have experienced a sustained period of growth, while gasoline sales have fallen slightly.

CHART 3.2. SALES TO RETAILERS BY FUEL TYPE, 2012 – 2020



Source: Department of the Environment and Energy

- ix. A report entitled i Scan 2016: An Overview of the Australian Retail Fuels Market by the Australasian Convenience and Petroleum Markets Association (ACPMA) indicates in Section 3 on page 13 the following:

“A smaller number of sites, however, have seen growth in annual volumes per site. Today the average non-supermarket site averages around 2.9 million litres per year (ACCC 2014) and the nation’s 1,600 ‘supermarket sites’ average 5.4 million litres per year.”

- x. The ACCC report at Section 12.14 indicated that while over four fifths of revenue in the retail sector is generated in the sale of petroleum products, convenience store and other non-fuel sales have become increasingly important for overall profitability in this sector. Gross margins of non-fuel sales are generally far larger than can be earned through fuel sales.
- xi. The range of products sold at retail sites include food and grocery items, trailer hire, car washes, ATM services and gas bottle exchanges. Revenue is also generated by sub-leasing a section of the store to fast food and coffee franchises.
- xii. Overall, convenience store sales contributed over 40% to retail sector net profits despite making up less than 20% of total revenue.

4 CUSTOMER SEGMENTS

The subject development is proposed to include an enlarged service station with a convenience store and co-located bulk produce/rural supplies outlet. This location along a major road in a town comprising residential, retail and community uses would serve several segments, including:

- Residential Customer Base
- Passing Traffic

4.1. Resident Trade Area

- i. The main trade area likely to be served by the proposed development has been defined considering the following:
 - The location of competing facilities throughout the surrounding region.
 - Regional and local accessibility of the site.
 - The pattern of urban development.
- ii. The main trade area likely to be served by the proposed development is illustrated on Map 4.1. The main trade area has been defined to incorporate an area that extends 50 to 60 kilometres around the township of Inverell and also including the major towns of Ashford, Warialda, Delungra, Gilgai, Tingha, Bundarra, Copeton and Bingara.
- iii. The extensive area served by the subject development reflects its location in the Inverell township where residents from the broader area would be attracted to the township and often travelling past the subject site. Although the subject facility is located on the eastern side of the Inverell township, and would serve residents in immediate area, its location on a major road means this local area would only account for a small proportion of total service station sales. Further, the inclusion of a bulk supply/rural produce facility would also mean it would serve a more extensive area than the immediate local neighbourhood.
- iv. It is relevant to note that the proposed development would also serve a range of residents and visitors from beyond the main trade area who would regularly travel past the site.

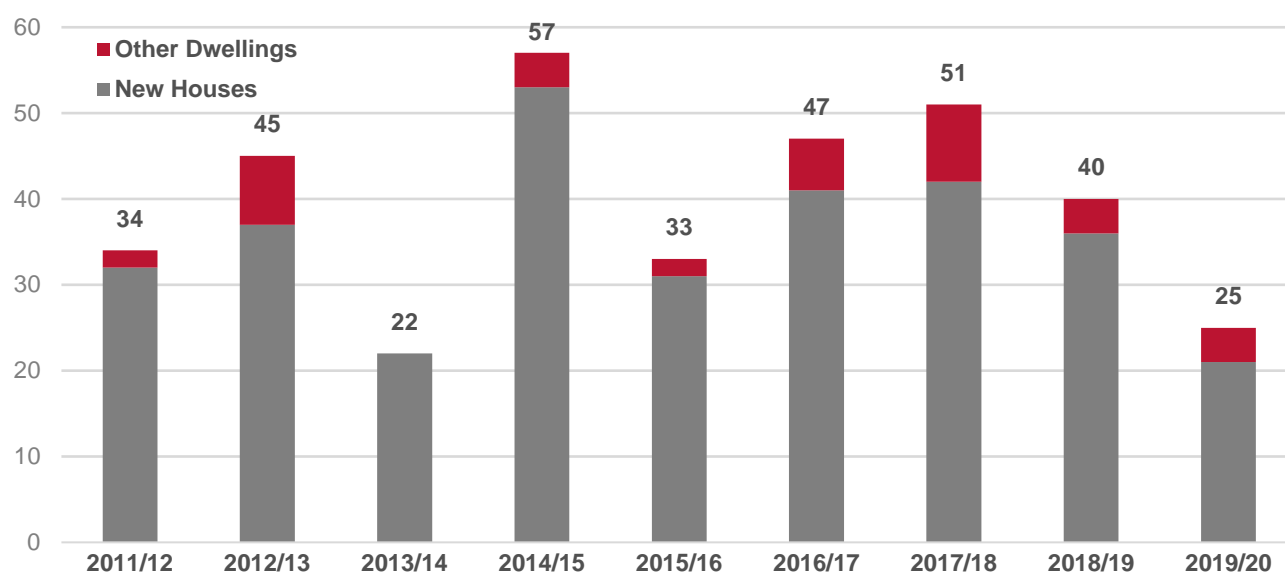
MAP 4.1. INVERELL SERVICE STATION MAIN TRADE AREA



4.2. Main Trade Area Population

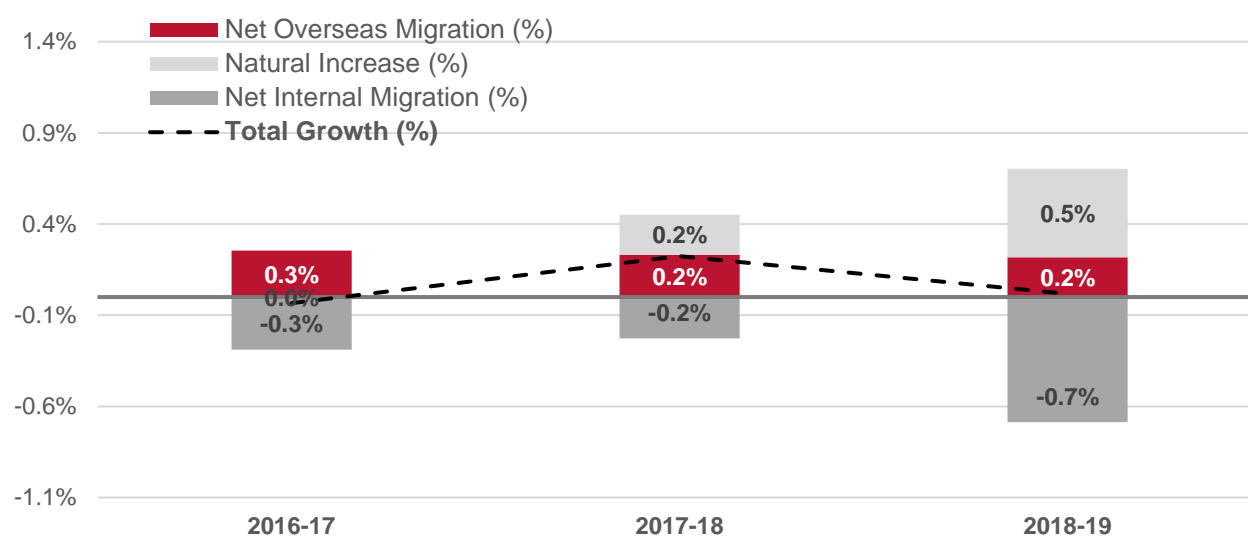
- i. Table 4.2 details the current and projected population levels by sector for the Inverell service station. This information is sourced from the following:
 - The 2011 and 2016 Census of Population and Housing undertaken by the Australian Bureau of Statistics (ABS).
 - New dwelling approval statistics sourced from the ABS for the period from 2011/12 to 2019/20 (refer Chart 4.1). An average of 39 new dwellings were approved per annum within the main trade area over this period.
 - The NSW Department of Planning 2019 population projections by Local Government Area (LGA).
 - Investigations by this office into new residential developments in the region.
- ii. Table 4.1 details the baseline main trade area current and projected population levels over the period to 2041, which does not consider economic and migratory impacts of the COVID-19 pandemic. This is provided for reference and has not been assumed for the purposes of this assessment.
- iii. Immigration from overseas forms the largest component of population growth in Australia. There is likely to be large impact on Australia's population growth over the next 2 - 3 years due to the border closures and lower immigration.
- iv. Chart 4.2 illustrates the sources of population growth in the Inverell service station main trade area between 2017 – 2019, with Chart 3.3 detailing the sources of population growth throughout the wider non-metro NSW region. As shown, population growth is generally driven by net overseas migration and natural increase, with the region generally experiencing net external migration (i.e. people leaving the main trade area).
- v. Considering the above, the Inverell service station main trade area base population (Table 3.1) has been adjusted down by approximately 90% for the 2020-21 period which is assumed to gradually recover by 2023 (as illustrated in Table 4.2).
- vi. The Inverell main trade area population is currently estimated at 21,120 and is projected to increase slightly to 21,420 by 2041. The trade area growth, therefore, is minimal.

CHART 4.1. MAIN TRADE AREA NEW DWELLING APPROVALS, 2011/12 – 2019/20



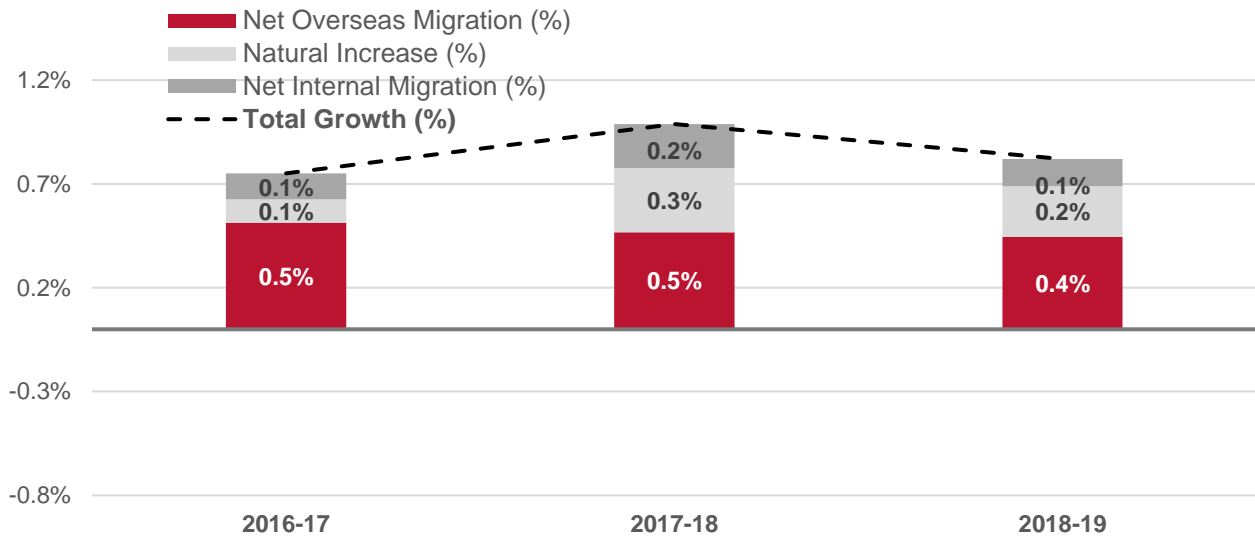
Source: ABS

CHART 4.2. INVERELL SA2 COMPONENTS OF POPULATION GROWTH (2016-17 – 2018-19)



Source : ABS Cat No. 3218.0

CHART 4.3 NON-METROPOLITAN NSW COMPONENTS OF POPULATION GROWTH (2016-17 – 2018-19)



Source : ABS Cat No. 3218.0

TABLE 4.1. MAIN TRADE AREA BASELINE POPULATION, 2011 – 2041 (WITHOUT COVID IMPACTS)

Population	Actual		2020	2021	Forecast			
	2011	2016			2026	2031	2036	2041
Main Trade Area	20,620	21,040	21,120	21,140	21,240	21,340	21,390	21,440
Average Annual Change (No.)	Actual			2020-2021	Forecast			
	2011-2016	2016-2020	2016-2020		2021-2026	2026-2031	2031-2036	2036-2041
Main Trade Area		84	20	20	20	20	10	10
Average Annual Change (%)	Actual			2020-2021	Forecast			
	2011-2016	2016-2020	2016-2020		2021-2026	2026-2031	2031-2036	2036-2041
Main Trade Area		0.4%	0.1%	0.1%	0.1%	0.1%	0.0%	0.0%
Non Metro NSW		1.0%	0.8%	0.8%	0.6%	0.5%	0.4%	0.3%
Australian Average		1.7%	1.7%	1.6%	1.5%	1.3%	1.2%	1.1%

All figures as at June and based on 2016 SA1 boundary definition.

Sources : ABS; Transport for NSW

TABLE 4.2. MAIN TRADE AREA POPULATION, 2011 – 2041 (WITH COVID IMPACTS)

Population	Actual		2020	2021	Forecast			
	2011	2016			2026	2031	2036	2041
Main Trade Area	20,620	21,040	21,120	21,120	21,220	21,320	21,370	21,420
Average Annual Change (No.)	Actual			2020-2021	Forecast			
	2011-2016	2016-2020	2016-2020		2021-2026	2026-2031	2031-2036	2036-2041
Main Trade Area		84	20	0	20	20	10	10
Average Annual Change (%)	Actual			2020-2021	Forecast			
	2011-2016	2016-2020	2016-2020		2021-2026	2026-2031	2031-2036	2036-2041
Main Trade Area		0.4%	0.1%	0.0%	0.1%	0.1%	0.0%	0.0%
Non Metro NSW		1.0%	0.8%	0.6%	0.6%	0.5%	0.4%	0.3%
Australian Average		1.7%	1.7%	0.5%	1.3%	1.3%	1.2%	1.1%

All figures as at June and based on 2016 SA1 boundary definition.

Sources : ABS; Transport for NSW

4.3. Socio-Economic Profile

- vii. Table 4.3 summarises the socio-economic profile of the Inverell main trade area population compared with the non-metropolitan NSW and Australian benchmarks. This information is based on the 2016 Census of Population and Housing.
- viii. The relevant characteristics are as follows:
 - Residents earn average incomes lower than the non-metropolitan NSW benchmark.
 - The average age of trade area residents is slightly older than the benchmark.
 - Home ownership levels are similar to the benchmark.
 - Main trade area residents are predominantly Australian born, representing 94.3% of the population.
- ix. The socio-economic profile of the Inverell service station main trade area population is typical of a non-metropolitan NSW area, characterised by an Australian born, family market.

TABLE 4.3. MAIN TRADE AREA RESIDENT SOCIO-ECONOMIC PROFILE (2016)

Characteristic	Main TA	Non Metro NSW Average	Aust Average
Income Levels			
Average Per Capita Income	\$27,870	\$34,187	\$38,500
Per Capita Income Variation	-18.5%	n.a.	n.a.
Average Household Income	\$65,109	\$82,520	\$98,486
Household Income Variation	-21.1%	n.a.	n.a.
Average Household Size	2.3	2.4	2.6
Age Distribution (% of Pop'n)			
Aged 0-14	19.3%	17.5%	18.0%
Aged 15-19	6.2%	6.1%	6.1%
Aged 20-29	9.9%	11.2%	13.9%
Aged 30-39	9.8%	11.1%	14.1%
Aged 40-49	12.2%	12.7%	13.7%
Aged 50-59	13.7%	14.0%	12.9%
Aged 60+	28.9%	27.4%	21.3%
Average Age	41.9	41.8	38.9
Housing Status (% of H'holds)			
Owner/Purchaser	70.1%	70.9%	67.9%
Renter	29.9%	29.1%	32.1%
Birthplace (% of Pop'n)			
Australian Born	94.8%	89.2%	72.9%
Overseas Born	5.2%	10.8%	27.1%
• Asia	1.4%	2.1%	10.7%
• Europe	1.9%	5.2%	8.0%
• Other	1.9%	3.4%	8.4%
Family Type (% of Pop'n)			
Couple with dep't children	36.5%	39.4%	45.2%
Couple with non-dep't child.	6.1%	7.4%	7.8%
Couple without children	27.8%	26.1%	23.0%
Single with dep't child.	12.3%	10.2%	8.9%
Single with non-dep't child.	3.6%	4.0%	3.7%
Other family	1.1%	0.9%	1.1%
Lone person	12.6%	12.1%	10.2%

Sources: ABS Census of Population and Housing 2016

4.4. Main Trade Area Retail Expenditure Capacity

- i. MarketInfo estimates used in this analysis are based on the 2016 release, benchmarked against the latest National Accounts data, released by the ABS. All figures presented in this report are in constant 2020 dollars and include GST.
- ii. Main trade area retail spending is currently estimated at \$292.5 million (constant dollars and including GST) and is projected to increase to \$339.9 million by 2041, representing an average annual growth rate of 5.6% per annum (refer Table 4.4).
- iii. The main trade area retail spending growth rate of 0.7% per annum considers the following:
 - Real growth is assumed to be 0% until 2024, after which retail spending per capita of 0.5% annually for food retail and 1.0% for non-food retail is assumed over the period to 2041.
 - Main trade area population growth of 0.2% per annum.
- iv. Table 4.5 presents a breakdown of retail spending by key commodity group, indicating the largest spending market is food and liquor at \$144.5 million, representing 49.4% of the total retail spending market.

TABLE 4.4. MAIN TRADE AREA RETAIL EXPENDITURE, 2020 – 2041

Y/E June	Main Trade Area
2020	292.5
2021	292.6
2022	292.7
2023	293.0
2024	295.5
2025	298.0
2026	300.5
2027	303.1
2028	305.7
2029	308.3
2030	310.9
2031	313.6
2032	316.2
2033	318.7
2034	321.3
2035	323.9
2036	326.5
2037	329.1
2038	331.8
2039	334.5
2040	337.2
2041	339.9
Expenditure Growth	
2020-21	0.1
2021-26	7.9
2026-31	13.0
2031-36	12.9
2036-41	13.4
2020-41	47.4
Average Annual Growth Rate	
2020-21	0.0%
2021-26	0.5%
2026-31	0.9%
2031-36	0.8%
2036-41	0.8%
2020-41	0.7%

**Constant 2019/20 dollars & including GST*

Source : MarketInfo



TABLE 4.5. MAIN TRADE AREA EXPENDITURE BY COMMODITY GROUP, 2020 - 2041

Y/E June	Food & Liquor	Food Catering	Apparel	H'hold Goods	Leisure	General Retail	Retail Services
2020	144.5	35.1	23.1	49.0	11.6	21.4	7.9
2021	144.6	35.1	23.1	49.0	11.6	21.4	7.9
2022	144.7	35.1	23.1	49.0	11.6	21.4	7.9
2023	144.8	35.1	23.1	49.1	11.6	21.5	7.9
2024	145.7	35.5	23.4	49.6	11.7	21.7	8.0
2025	146.5	35.9	23.6	50.1	11.8	21.9	8.1
2026	147.4	36.3	23.9	50.7	12.0	22.2	8.1
2027	148.3	36.7	24.2	51.2	12.1	22.4	8.2
2028	149.1	37.1	24.4	51.8	12.2	22.7	8.3
2029	150.0	37.5	24.7	52.4	12.4	22.9	8.4
2030	150.9	37.9	25.0	52.9	12.5	23.2	8.5
2031	151.8	38.3	25.2	53.5	12.6	23.4	8.6
2032	152.7	38.8	25.5	54.1	12.8	23.7	8.7
2033	153.5	39.2	25.8	54.7	12.9	23.9	8.8
2034	154.4	39.6	26.0	55.2	13.0	24.2	8.9
2035	155.2	40.0	26.3	55.8	13.2	24.4	9.0
2036	156.1	40.4	26.6	56.4	13.3	24.7	9.1
2037	156.9	40.8	26.9	57.0	13.5	24.9	9.2
2038	157.8	41.3	27.1	57.6	13.6	25.2	9.2
2039	158.6	41.7	27.4	58.2	13.7	25.5	9.3
2040	159.5	42.1	27.7	58.8	13.9	25.7	9.4
2041	160.4	42.6	28.0	59.4	14.0	26.0	9.5
Expenditure Growth							
2020-21	0.1	0.0	0.0	0.0	0.0	0.0	0.0
2021-26	2.8	1.2	0.8	1.7	0.4	0.7	0.3
2026-31	4.4	2.0	1.3	2.8	0.7	1.2	0.5
2031-36	4.2	2.1	1.4	2.9	0.7	1.3	0.5
2036-41	4.3	2.2	1.4	3.0	0.7	1.3	0.5
2020-41	15.9	7.5	4.9	10.4	2.5	4.6	1.7
Average Annual Growth Rate							
2020-21	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
2021-26	0.4%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%
2026-31	0.6%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
2031-36	0.6%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
2036-41	0.5%	1.0%	1.0%	1.0%	1.0%	1.0%	1.0%
2020-41	0.5%	0.9%	0.9%	0.9%	0.9%	0.9%	0.9%

*Constant 2019/20 dollars & including GST

Source : MarketInfo



4.5. Fuel Market

- i. Table 4.6 details the calculations for estimating the total size of the fuel market within the main trade area. Calculations are based on data sources from:
 - The ABS Census of Population and Housing 2016. There are 1.81 cars per household compared with the non-metropolitan NSW average of 1.77 cars. The high rate of car ownership is typical of a non-metropolitan area.
 - The ABS Survey of Motor Vehicle Use (Cat.No.9208 and 9309).
- ii. Overall, the total fuel market within the main trade area is estimated at 20.0 million litres in 2020 and is projected to increase to 20.3 million litres by 2041.
- iii. In considering the likely increase in the fuel market size over the next 21-year period, several key considerations and assumptions are important to note:
 - The average fuel consumption for passenger cars per 100 km in Australia is 11.1 litres per 100 km currently. A review of the Australian Bureau of Statistics Survey of Motor Vehicle Usage shows that the figure of consumption has been above or below 12 litres per 100 km since 1963. The most recent available data of 11.1 litres per 100 km is not the lowest, but not significantly different to the previous figures (refer Chart 3.4).
 - Electric cars are likely to form a greater proportion of cars over time, although the take up of such vehicles in Australia is still limited. Based on a report issued by Energeia, Australian Electric Vehicle Market Study, 7 in every 10,000 vehicles sold in Australia in 2016 were plug in electric vehicles.
 - More recently, manufacturers such as Volvo and Volkswagen are proposing new models which will be electric cars. Car makers, therefore, will continually be looking to build and sell electric cars over time.
 - A range of countries are designating to have zero emission cars by a certain time. For example, California in the US demand that 15% of vehicle sales by 2025 be zero emission cars. Similarly, India has recently made an announcement along similar lines, indicating only selling electric cars by 2030. The key issue is in America, however, while petrol remains cheap and with electricity becoming increasingly more expensive, consumers are yet to change their habits to buy electric cars.
 - Research also indicates that a typical electric car takes four hours to charge from empty, from a 7-kilowatt home charging point. Rapid charges at a motorway service station can charge the

car to full in about 30 minutes. Over time, rapid charging at service stations is likely to form a significant part of the market going forward. Consequently, for the purposes of this report, petrol pumps to a degree would be replaced by electric chargers at service stations.

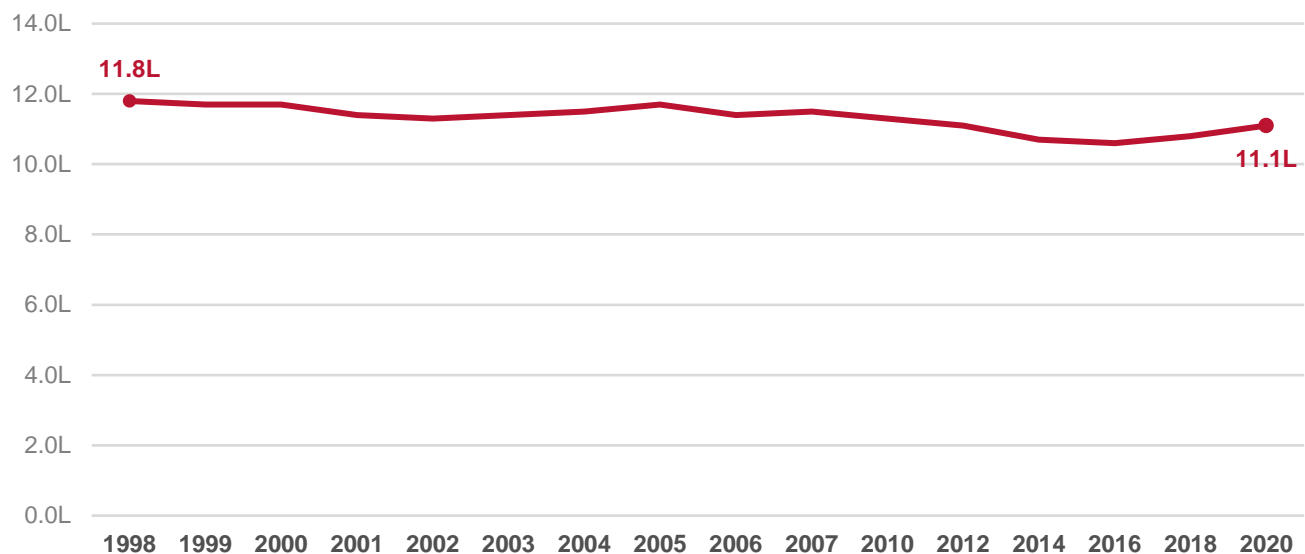
- iv. It is important to note that fuel consumption of commercial vehicles, caravans, trailers, plant and equipment and vehicles belonging to the defence services/diplomatic services are excluded from these calculations. These components would further add to demand but are not able to be estimated accurately due to the lack of available data.
- v. It is possible that average consumption rates will fall below 10 litres/100 km in the future as more hybrid cars are sold and conventional cars make further gains in efficiency.

TABLE 44.6. MAIN TRADE AREA FUEL MARKET, 2020 – 2041

	2020	2021	2026	2031	2036	2041
Estimated Resident Population (ERP)	21,120	21,120	21,220	21,320	21,370	21,420
Average Household Size	2.3	2.3	2.3	2.3	2.3	2.3
Total Dwellings	9,041	9,041	9,083	9,126	9,148	9,169
Average Vehicles per Household	1.8	1.8	1.8	1.8	1.8	1.8
Total Vehicles	16,379	16,379	16,457	16,535	16,573	16,612
Fuel Consumption Per Annum						
Average QLD Travel km	10,700	10,700	10,700	10,700	10,700	10,700
Average QLD Fuel Consumption/100 km	11.4	11.4	11.4	11.4	11.4	11.4
Average Fuel Usage (L)	1,220	1,220	1,220	1,220	1,220	1,220
Total Consumption Per Annum (Million Litres)	20.0	20.0	20.1	20.2	20.2	20.3

Source: ABS Census of Population and Housing 2016; ABS Survey of Motor Vehicle Use 2020

CHART 4.4. AVERAGE FUEL CONSUMPTION (PASSENGER CARS), AUSTRALIA (L/100KM)



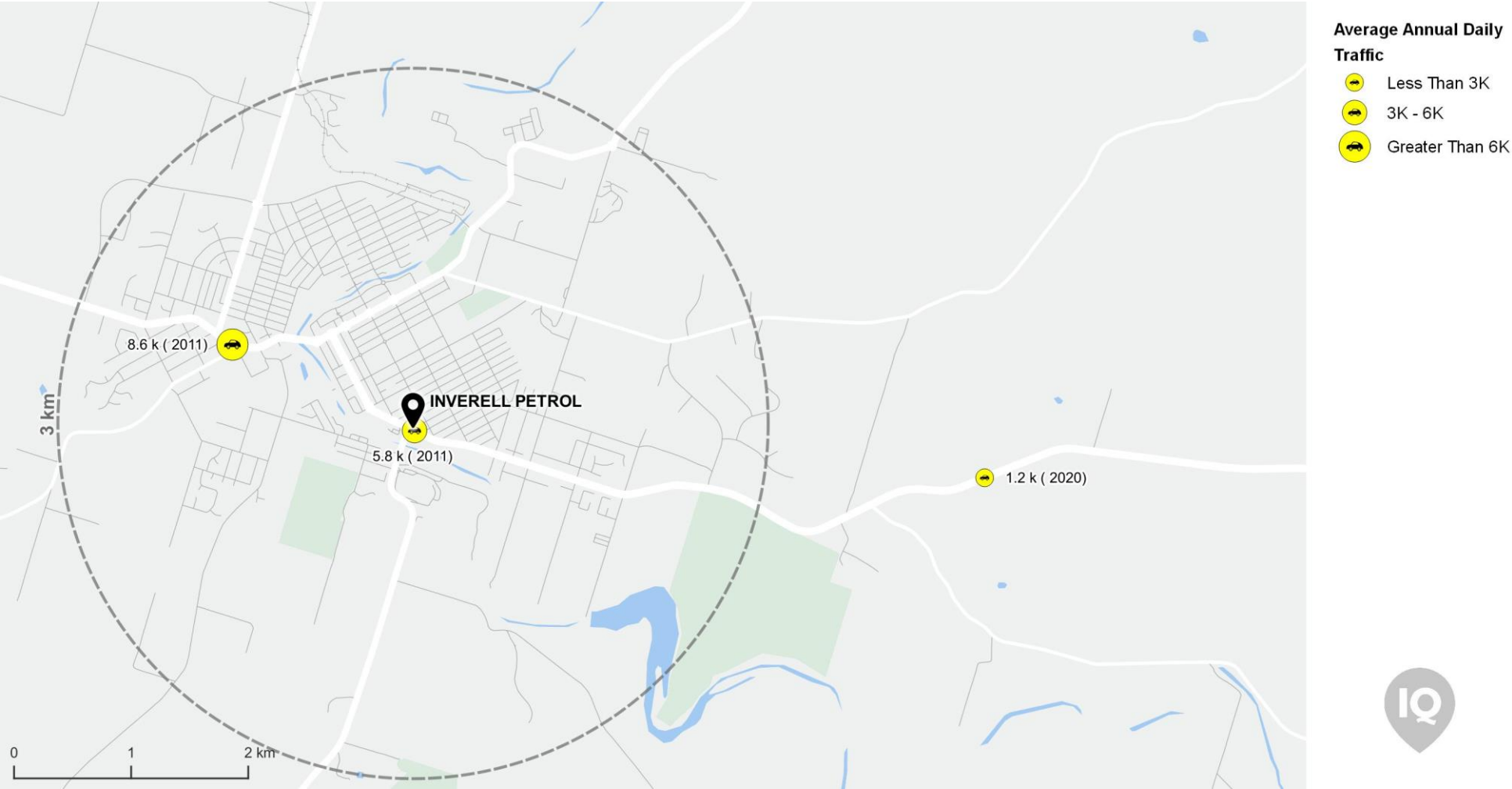
Source: ABS

4.6. Other Customer Segments

4.6.1. Passing Traffic

- i. Map 4.2 illustrates average annual daily traffic volumes on the major roads surrounding the site as sourced from Roads and Maritime Services. As shown, the latest available traffic volumes from New South Wales Roads and Maritime Services at the Glen Innes Road and Chester Street intersection is 5,800 average annual daily traffic (AADT) as of 2011.
- ii. Based on the Intersection Management Investigation report prepared for council in 2017, average daily traffic movements along each intersection leg adjacent the site are as follows:
 - Glen Innes Road East 5,800 vehicles per day (vpd)
 - Glen Innes Road West 8,600 vpd
 - Bundarra Road 5,800 vpd
 - Chester Street 1,600 vpd
- iii. The Intersection Management Investigation report found that traffic movements in and out of the existing service station are evenly distributed between Chester Street and Glen Innes Road. Vehicle turn in rates were found to be approximately 75 vehicles per hour (vph) and 120 vph (in and out) at peak hours (morning and afternoon respectively) on weekdays, and 120 vph (in and out) at peak hour on weekends. Based on the assumption peak hour traffic movements represent approximately 10% of daily traffic the ultimate turn-in rate for the existing facility is approximately 1,060 vpd (2017) or 6.5% of the Chester Street and Glen Innes Road AADT.
- iv. The report also assumes traffic volumes will grow at an annual compound rate of approximately 2.5% until 2030. The total AADT for Chester Street and Glen Innes Road in 2022 can be projected to reach approximately 18,000. Assuming a 6.5% turn-in rate would indicate 1,170 vehicles at the subject site in 2022, noting that once the new intersection is complete the proposed development will be more easily accessible from all directions.

MAP 4.2. TRAFFIC VOLUMES



5 COMPETITIVE ENVIRONMENT

This section of the report reviews the competitive environment within which the proposed Inverell service station would operate to assist in the assessment of likely trading impacts the proposed development would have on other facilities.

5.1. Service Stations Competition

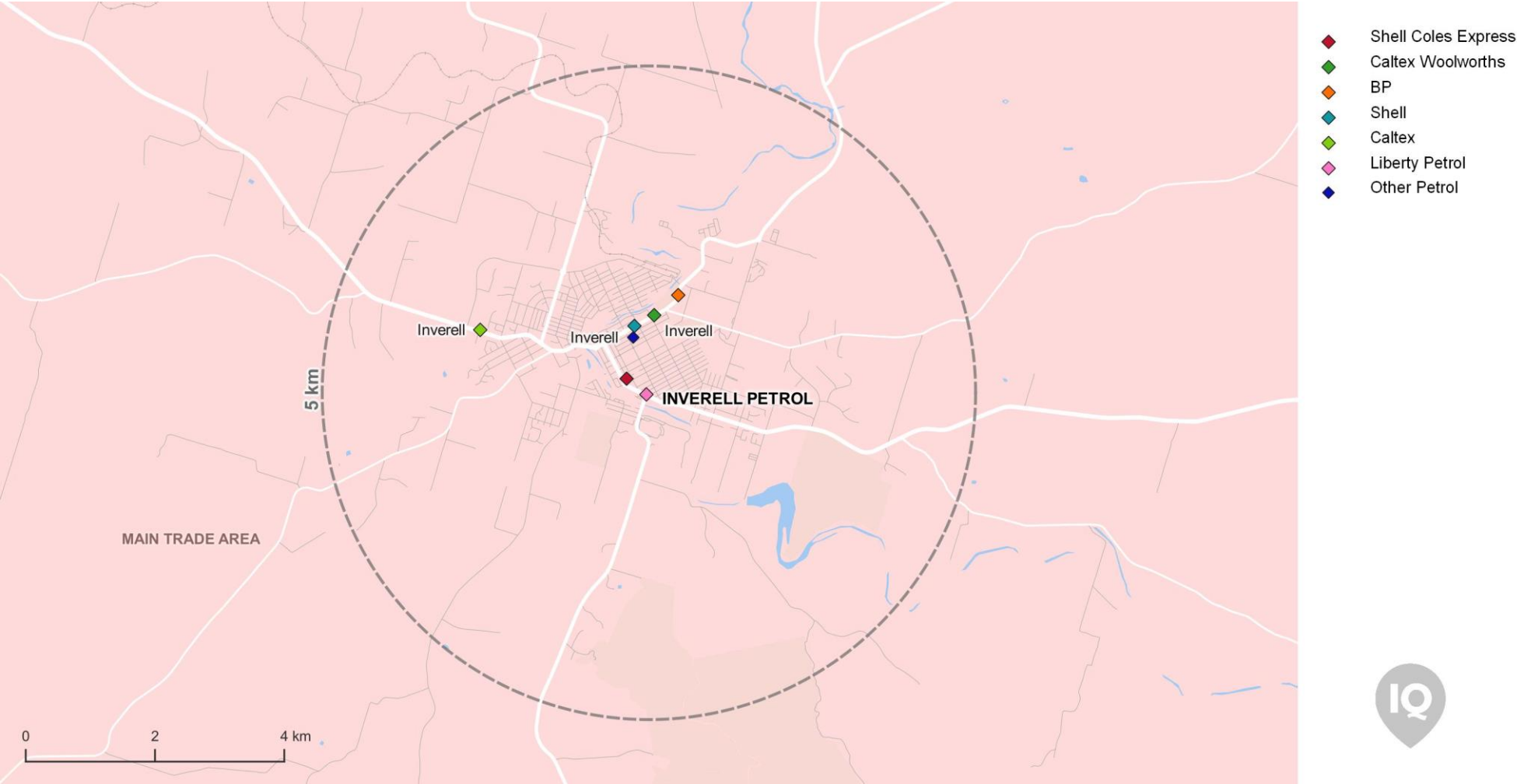
- i. Map 5.1 illustrates the location of petrol stations in the surrounding area, noting the distribution of service stations in Australia is typically characterised as one or more of the following:
 - Located on heavily trafficked roads and deriving business primarily from passing traffic.
 - Located with a village/urban community and primarily serving residents and businesses.
 - Associated with a supermarket, although not necessarily co-located.
- ii. The subject proposal would be a service station located along a busy road serving residents as well as passing traffic.
- iii. There are six other service stations currently provided within the township of Inverell which are summarised on Table 5.1. Key points to note as follows:
 - The closest competitor is a Shell Coles Express service station 400 metres to the north west including eight fuel spots.
 - In the remainder of the town centre, there are independent, Shell and Caltex Woolworths services stations, each have five to six fuel spots with small convenience stores.
 - A BP truck stop/service facility is located on the northern side of town.
 - A Caltex facility is located in the western side of Inverell in the B5 enterprise zone area.
- iv. In addition, these are the key competitive facilities, with a range of other service stations located in surrounding towns.
- v. Overall, in the defined trade area, there are fifteen existing service stations. For the current trade area population and provision, this represents one service station for every 1,400 persons.

TABLE 5.1. MAIN TRADE AREA SERVICE STATION COMPETITION

	24h	Fuel Spots	Hoses			Conv. Store (sq.m)	Food Outlet	Car Wash	Ute/Trailer Hire	Auto Repair	Ice	Distance From Site (km)
			ULP	Diesel	LPG							
Within Main Trade Area												
Site existing Liberty	X	6	✓	✓	X	150	X	X	✓	X	✓	-
Shell Coles Express - Henderson St	X	8	✓	✓	X	100	X	X	X	X	✓	0.4
Independent	✓	5	✓	✓	X	~200	X	X	X	X	✓	1.4
Shell - Byron St	X	6	✓	✓	X	180	X	X	X	X	✓	1.4
Caltex Woolworths	X	6	✓	✓	X	90	X	X	X	X	✓	1.7
BP Truckstop Inverell	X	6	✓	✓	X	130	X	X	X	X	✓	2.1
Caltex Roadhouse Inverell	✓	6	✓	✓	X	230	X	X	✓	X	✓	2.8
BP - Gilgai	X	2	✓	✓	X	140	X	X	X	X	✓	8.8
Metro Petroleum - Tingha	X	4	✓	✓	X	100	X	X	X	X	✓	24.5
Shell - Delungra	X	2	✓	✓	X	190	X	X	X	X	✓	33.8
Caltex - Ashford	X	2	✓	✓	X	150	X	X	X	X	✓	57.6
BP - Warialda	X	1	✓	✓	X	80	X	X	X	X	X	62.0
Mobil - Warialda	X	6	✓	✓	X	160	X	X	X	X	✓	62.0
BP - Bingara	X	2	✓	✓	X	140	X	X	X	X	✓	69.8
Shell - Bingara	X	3	✓	✓	X	90	X	X	X	X	✓	70.1

Based on desktop survey in January 2021

MAP 5.1. INVERELL MAIN TRADE AREA AND PETROL STATIONS



5.2. Traditional Retail Facilities

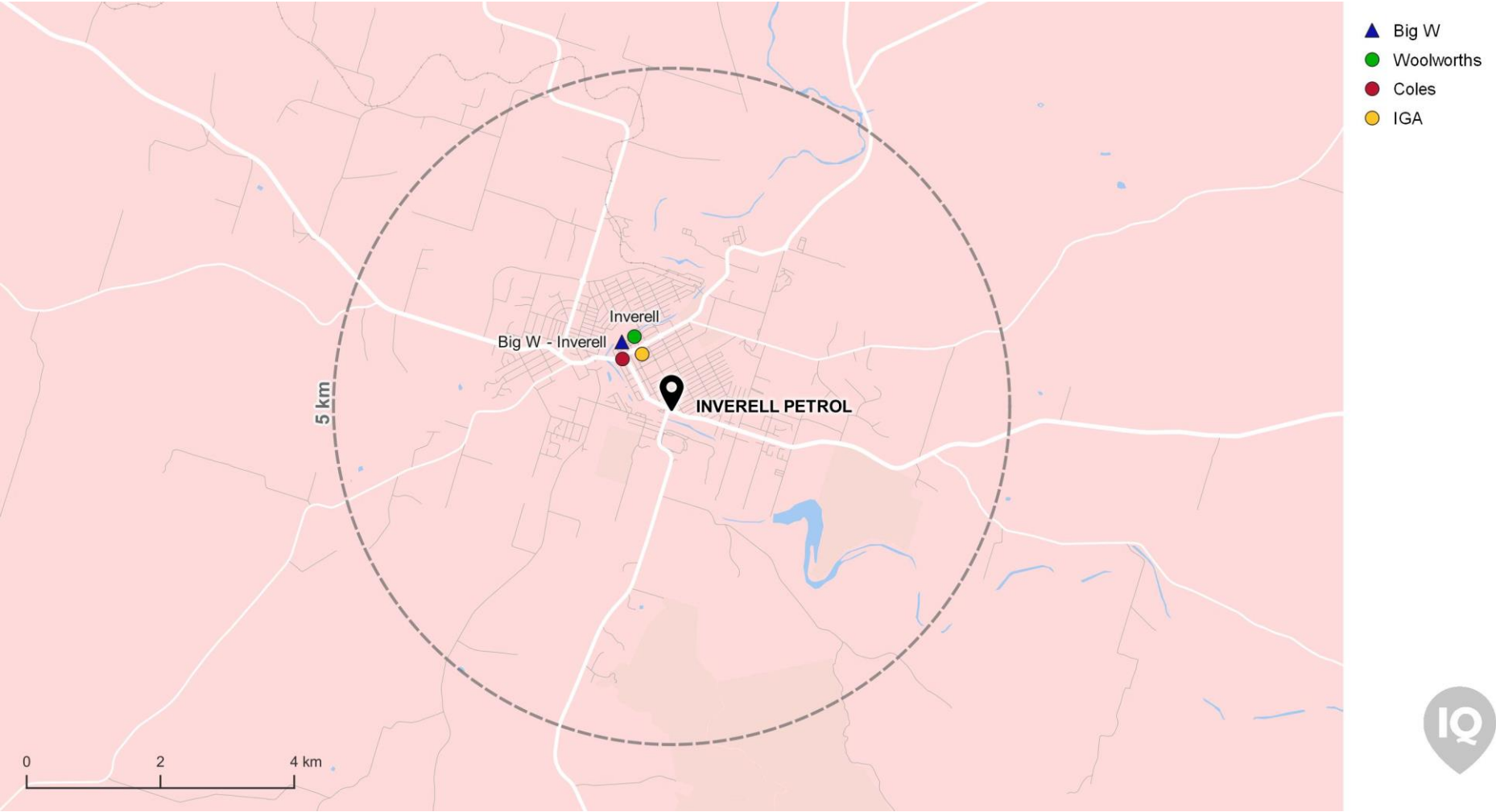
- i. As noted previously, the subject development will include an enlarged service station and a bulk produce/rural supplies store on a combination of B1 Neighbourhood Centre zoned land and general residential land.
- ii. The majority of retail facilities within Inverell are located in the B2 Local Centre zoning within the town centre. Facilities within this town centre total in excess of 30,000 square metres and include:
 - A Big W discount department store of 7,000 square metres.
 - Woolworths, Coles and IGA supermarkets. Many major stores such as the Reject Shop, Harvey Norman, and Bunnings.
 - A wide range of retail and non-retail facilities generally focussed along Byron Street and Otho Street. On the northern side of Inverell, there is a small neighbourhood centre along Wade Street which includes a minimart, butchery, childcare centre, and cadet's precinct.
- iii. Elsewhere within the broader trade area, each of the surrounding towns includes a provision of small retail facilities with the larger towns including Wialda and Bingara, each anchored by IGA supermarkets. Beyond the trade area, the closest retail facilities are provided at Glen Innes to the east and Moree to the west. Each of these towns includes supermarket, including Woolworths and Coles.
- iv. In terms of rural supplies/bulk produce stores, the main facilities include:
 - McIntyre Valley Rural Traders.
 - Elders Inverell
 - Landmark Inverell
 - Inverell Rural Supplies
 - McGregor Gourlay

TABLE 5.2. INVERELL MAIN TRADE AREA RETAIL COMPETITION

Centre	Shopfront GLA (sq.m)	Anchor Tenants	Dist. From 24-26 Glen Innes Rd (km)
<u>Inverell</u>			-
• Big W	7,000	Big W (7,000)	
• Central Plaza Hong Yuen SC	2,700	IGA Supa (1,500)	
• Coles	3,900	Coles (3,900)	
• Woolworths	2,200	Woolworths (2,200)	
• Other	15,000	Mcintyre Valley Rural Traders, Elders Inverell, Landmark, Inverell Rural Supplies, McGregor Gourlay	
IGA Bingara	900	IGA (900)	70.2

Source: Australian Shopping Centre Council Database

MAP 5.2. INVERELL MAIN TRADE AREA AND RETAIL COMPETITION



6 ECONOMIC IMPACT AND NEED ANALYSIS

This section of the report assesses the need and demand for the proposed service station redevelopment at Inverell.

6.1. Economic Need

Service Station

- i. The proposed service station component of the development would involve an expanded station increasing from three bowzers to nine bowzers and the addition of a carwash.
- ii. In terms of economic impacts, the expanded facility would attract market share from other service stations in the Inverell township, noting that all service stations have been in operation for an extended period of time and that there are six stations, of which impacts would be spread within the immediate area of the township of Inverell.
- iii. The subject facility would also provide improved accessibility and service for larger vehicles such as trucks, of which only two service stations currently service within the immediate Inverell township.
- iv. The expanded Liberty service station would result in additional choice, convenience, and pricing for service station spending.
- i. Reflecting the trend in fuel service stations located along major roads, the subject site provides a high-profile location for the continued successful operation of such a facility.
- ii. There is a logical gap in the market for such a facility to serve traffic for both residents and heavy vehicles on the eastern side of the Inverell township.
- iii. The subject development would not impact on the continued operation of other service stations within the area, with the size of the resident market and significant passing volumes of traffic along the captain Gwydir Highway, indicating demand for such facilities.
- iv. The subject proposal has Liberty as a committed tenant to operate the expanded service station. Experienced operators understand the viability of such stores that enable a new competitor to compete with existing players, which are located in high profile locations along major roads.

- v. Reflecting the trend in fuel service stations locating along major roads, the subject site provides a high-profile location for the continued successful operation of such a facility to serve residents and passing traffic.

Convenience Shop

- i. The proposed facility would also provide an enlarged convenience shop which would provide additional choice for the local resident and passing traffic in terms of access to convenience goods.
- ii. The convenience stores at these service stations typically stock:
- An extensive range of fresh food such as homemade sandwiches.
 - Freshly ground coffee.
 - Hot pastries and sweet treats.
 - ATM.
 - MoneyGram money transfer.
 - E Services.
 - Gift cards.
 - A range of snacks, drinks, top-up grocery staples such as milk and bread.
- iii. Smaller convenience stores, therefore, offer an important late night/early morning shopping facility across important elements of the day when other facilities are closed.
- iv. In relation to the small convenience shop component of the development, the following is relevant:
- The overall GLA of 362 sq.m would partially comprise a convenience store typical of many modern service stations, although also including some bulk produce/rural supplies in the store.
 - The proposed shop would offer a very limited range of goods as compared with facilities provided in the Inverell Town Centre (Woolworths and Coles, etc).
 - The majority of visits to the service station would be for petrol refuelling as the primary purpose, with ancillary shop undertaken at the service station. A relatively low proportion of sales would primarily be for visits for the convenience store only.
 - The importance of convenience stores to service stations ongoing viability was reviewed in Section 3 where these items contribute significantly to the profitability of stores.
 - The proposed convenience store would have minimal, if any, impact on the hierarchy of centres given the size, scale and offer at the facility. The proposed size of the convenience store at 362 square metres would be one-tenth of the size of the Woolworths and Coles supermarkets in the

town centre, which are both over 3,000 square metres in size. Total supermarket floor space within the town centre is over 9,000 square metres.

- The convenience store aspect of the facility therefore would serve a neighbourhood role for residents in the immediate area, while also for petrol station customers.

Bulk Produce/Rural Supplies

- i. The proposed redevelopment would include an approximately 500 square metre drive-through bulk produce/rural supplies store. Rural supplies facilities sell goods targeted at the farming community, such as hay, fertiliser, piping, water tanks, fencing and the like. These items are typically bulky in nature.
- ii. The proposed application is requesting a permit for specialised retail premises which are defined in the Inverell Local Environment Plan 2012 as follows:

“A building or place where the principal purpose of which is the sale, hire or display of goods that are of a size, weight or quantity that requires –

(a) a large area for handling, display or storage, or

(b) direct vehicular access to the site of the building or place by members of the public for the purpose of loading or unloading such goods into or from their vehicles after purchase or hire, but does not include a building or place used for the sale of foodstuffs or clothing unless their sale is ancillary to the sale, hire or display of other goods referred to in this definition”.

- iii. The existing operation at the subject site already sells some rural supplies and this would be expanded as part of the redevelopment. Rural supplies stores typically do not locate in centre, given they are a specialised retail use, and typically operate on the edge of centres.
- iv. Relevantly, a rural supply premise would operate in a similar manner to the service station on the subject site as well as a self-storage facility on the opposite side of the road in the B1 zoned area, serving a broader area than the immediate surrounding neighbourhood.

Overall Development

- v. Overall, the proposed development is in keeping with a site located on the edge of a town centre providing peripheral uses which serve a broader area. The economic operation of the site is more in keeping with enterprise zoning corridor rather than a traditional neighbourhood centre zoning. The uses, however, have no implications for the overall operation of the retail hierarchy, particularly in the B2 Local Centre zoning, as analysed in the following subsection.

6.2. Economic Impacts

- i. This sub-section of the report outlines the likely sales impacts on competitive retail facilities because of the subject development.
- ii. It is important to note that impacts outlined in this report are indicative as it is difficult to precisely project the sales impact from the opening of a new store/centre on existing retail facilities. Several factors can influence the impact on individual centres/retailers, including but not limited to:
 - Refurbishment/improvements to existing stores
 - Expansions to existing stores
 - Loyalty programs of existing retailers
 - The existing centre mix and how it competes with the proposed development

For all these reasons and other similar factors, sales impacts outlined in this report should be used as a broad indication.

Service Station

- iii. As detailed previously, there is the existing service station on the site and the expansion of this facility will not impact on the continued operation of other service stations in the region.

Convenience Store

- iv. The convenience store as part of the development would likely achieve sales in the order of \$1.5 - \$2.0 million, around \$1 million greater than existing sales for the convenience store on site. In terms of the retail spending of trade area residents, this represents around 0.3% of the market. The expanded development will have no implications for surrounding centres or the hierarchy of centres.

Bulk Produce/Rural Supplies Store

- i. The bulk produce/rural supplies as part of the development would likely achieve sales in the order of \$1.5 million. Many of these items would not fall under the banner of retail spending from local residents but form part of the commercial operations of businesses/farms. Even, if these items were considered retail, this spending represents around 0.5% of the market.
- ii. The expanded development in total would account for less than 1% of the total retail spending market and will have no implications for surrounding centres or the hierarchy of centres.

- iii. Table 6.1 outlines the projected retail impact of the subject site on retail facilities in the surrounding area in 2022 (assumed opening year), namely:
- Within the Inverell Town Centre.
 - Other facilities within the broader Inverell trade area.
- iv. The overall impact of the subject development is projected to be minimal, with additional sales at approximately \$2.3 million, of which \$2.1 million from retail facilities in Inverell and \$0.2 million from other facilities within the broader Inverell trade area (Table 6.1). This represents impacts of 1.2% on each facility, with market growth to quickly ameliorate impacts. Consequently, there are no implications for the hierarchy of centres.

TABLE 6.1. INVERELL TRADING IMPACT, 2022

	Unit	Estimated 2020	Projected 2022 Pre Dev. Post Dev.		Impact 2022 \$M %	
Subject Site	\$M	0.7	0.7	3.0	2.3	<i>n.a.</i>
Within Main Trade Area						
Inverell	\$M	178.5	178.7	176.6	-2.1	-1.2%
Other MTA	\$M	13.0	13.0	12.8	-0.2	-1.5%

Source: Location IQ Database

6.3. Employment & Consumer Impacts

- i. The proposed development at Inverell would result in a range of important economic benefits which will be of direct benefit to the local community. These key positive employment and consumer impacts include:
- The provision of a wider range of facilities and automotive centres, which would increase convenience and price competition for residents.
 - Improved customer amenity, design, and aesthetic for the residents by way of a new and modern development.
- ii. The development is projected to employ around 10 additional persons as summarised in Table 6.2. Taking a conservative view and allowing for an estimated 10% of the total increase to be because of reduced employment at existing retail facilities, net additional jobs are estimated at 9.

- iii. The additional 9 permanent retail employees would earn an average annual wage of around \$65,500. Assuming that employees of the other uses earn the same annual wage, this represents an additional \$617,900 in salary/wages for the local economy, as a direct result of the proposed development.
- iv. The estimated total capital costs for the construction phase of the development are assumed to be \$2.0 million. By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of \$1.1 million (i.e. in 1996/97 dollars), it is estimated that the construction period of the proposed development would create some eight jobs (refer Table 6.3).
- v. Further jobs would be created from the supplier induced multiplier effects as a result of jobs for the on-going running of the proposed uses at the subject site, which may include both full-time and part-time positions. In total, some 22 jobs are projected to be created in the broader community, based on ABS Input/Output Multipliers (refer Table 6.4).
- vi. As a result, in total some 39 jobs are likely to be created both directly and indirectly because of the subject development.

TABLE 6.2. ESTIMATED ONGOING EMPLOYMENT FROM PLANNED FLOORSPACE

Component	Total Additional Floorspace (sq.m)	Employment Potential		
		Employment per 1,000 sq.m	Indic. Total Jobs	Net Increase ¹
Service Centre (Petrol/Bulk Produce)	<u>262</u>	40.0	<u>10</u>	<u>9</u>
Total Complementary Non-retail	262		10	9

1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development

Source : Australian National Accounts: Input-Output Tables 1996-97, Cat 6302.0 Average Weekly Earnings, Australia

TABLE 6.3. ESTIMATED CONSTRUCTION-GENERATED EMPLOYMENT LEVELS

Metric	Total
Estimated Capital Costs of Construction	
Estimated Capital Costs 2019/20 (\$M)*	\$2.0
Estimated Capital Costs 1996/97 (\$M)	\$1.1
Direct Employment Generation	
Construction Jobs per \$1 million (2018/19)	4.02
Total Construction Jobs¹	8

Source : Australian National Accounts: Input-Output Tables 1996-97

Employment totals include both full-time and part-time work. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year

TABLE 6.4. ESTIMATED TOTAL EMPLOYMENT GENERATED

Metric / Category	Est. Net Employment Increase ¹	Employment Multiplier Effects	Total Employment
Ongoing Employment from Planned Floorspace			
Service Centre (Petrol/Bulk Produce)	9	9	18
Construction Phase			
Direct Employment Generation	8	13	21
Net Additional Employment		22	39

1. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase

6.4. Location

- i. In terms of the location of the proposed development, given the existing service station is operational at the site, an expansion of the existing facility represents a logical use.
- ii. Further, given the expansion of the convenience store offering at the site, this will provide additional choice for local residents in terms of convenience goods and items.
- iii. The site and the adjoining land are not typically being operated in the traditional sense of a neighbourhood centre, however, this is of minimal economic consequence given the close proximity to the town centre (350 metres) and the wide variety of facilities close to resident's homes. Consequently, the transition of uses in the neighbourhood centre zoned area, to serve broader areas /passing traffic with larger format uses is likely to be a trend that will continue over time.
- iv. The allowance for specialised retail uses such as a bulk produce/rural supply store would be in keeping with that trend and not impact on the operation of the hierarchy of centres.

6.5. Net Community Benefits

- i. It is the conclusion of this report that a substantial net community benefit will result from the proposed development of the Inverell Service Station at Chester Street. After offsetting the minimal trading impacts on existing retailers, the positive impacts including the following:
 - Improvements in the range of retail facilities available to residents which, leading to greater price competition.
 - The creation of additional choice within the surrounding area.
 - The creation of additional employment which will result from the project, both during the construction period and on an ongoing basis once the development is complete and operational.

- ii. It is concluded that the combination of the positive economic impacts serves to more than offset the trading impacts that could be anticipated the existing retail stores in the region. Further, the impacts would not threaten the viability of any centres or the retail hierarchy.



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