

19) Appendix R

**Economic Viability Impact Assessment
Prepared by
Atlas Urban Economics**

The background of the cover is a faded photograph of a hospital room. In the foreground, a nurse in blue scrubs and a yellow apron stands on the left, looking towards the right. In the background, another staff member in blue scrubs is visible on the right. The room is filled with medical equipment, including IV stands with monitors and a patient bed. The overall tone is professional and clinical.

679-685 Old Northern Road, Dural

Economic Impact Assessment

Healing ONR

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Document Control

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Executive Summary

BACKGROUND

Healing ONR Pty Limited (Healing ONR) are planning for the redevelopment of a consolidated site at 679-685 Old Northern Road, Dural (the Site). The Site is primarily zoned RU2 Rural Landscape and part SP2 Infrastructure under the Hornsby Local Environmental Plan 2013 and is occupied by two detached dwellings. The Site forms part of the eastern edge of the Round Corner Town Centre.

Figure 1.1: The Site and Surrounding Context



Source: Atlas/Nearmap

Healing ONR are progressing a planning proposal for an Additional Permitted Use (APU) for a health services facility and an increase in height from 10.5m to 14m on the Site. Various technical studies, including a Health Market Assessment and Sieving Assessment of potential sites, have been prepared to support the planning proposal and indicative concept plan.

Atlas Urban Economics (Atlas) have been engaged by Healing ONR to carry out an Economic Impact Assessment (EIA) to assess the need for the land use proposed and examine the economic impacts of the planning proposal.

THE PROPOSAL

Preliminary concept planning for the Site envisages the development of a 3-storey health services facility to be known as the Dural Health Hub. The proposed development (the Proposal) would comprise 19 specialist consulting rooms, a 16-room medical centre, pathology collection area, medical imaging centre, 172sqm retail space and a day surgery with 4 operating rooms, 20 recovery bays and 15 short stay beds. The Proposal would also comprise two basement car parking levels accommodating 164 spaces.

A total of 4,351sqm of gross floor area (GFA) is proposed across the Site.

NEED FOR HEALTH SERVICES

Healthcare is an essential service needed to prevent and treat diseases and maintain quality of life. The advancement of medical technology and technical skill enables medical professionals to perform a broad range of procedures safely and effectively in a day surgery environment, minimising the need for extended overnight hospital stays. This is driving a shift in demand for same day procedures not just in the Catchment Area but in the Australian health care system more broadly.

A study prepared by Health Projects International in 2022 (the HPI Study) investigates demand and supply of healthcare facilities and key medical services over the next 15 to 20 years. The study is broadly based on population projections and utilisation trends observed in a defined catchment area (Hornsby Shire and The Hills Shire local government areas (LGAs)). The overarching objective of the HPI Study was to identify 'gaps' in medical services that could be met by additional supply.

The study found that there is currently an uneven distribution of medical facilities throughout the Primary Catchment Area and surrounding LGAs with residents in areas to the north of Castle Hill (and Dural) vastly underserved. There are currently no day surgery facilities or hospitals within a 5km radius of the Site.

As the population grows over the coming decades, there will be increased demand for key services including acute care, non-acute care, operating theatres, outpatient consulting rooms and medical imaging. The HPI Study concluded that based on projected demand and current supply, there would be an undersupply of 122 same day car places by 2025, increasing to 307 spaces by 2035.

The Proposal is to provide a range of facilities including 19 specialist consulting rooms, a 16-room medical centre, pathology collection area, medical imaging centre, a day surgery with 4 operating rooms, 20 recovery bays and 15 short stay beds. Based on demand modelling, the proposed facilities would be utilised by local residents who would otherwise have to travel further afield for general and/ or specialist care.

SUITABILITY OF THE SITE

Whilst zoned for rural uses, the Site is currently utilised for residential purposes and forms part of the Round Corner Town Centre – a popular centre which comprises a broad mix of retail and business uses. The Site is located directly opposite the Round Corner Town Centre Expansion Site as identified in The Hills Shire Development Control Plan (DCP). Recent development activity is further influencing the context of the Site, including the recently completed Thompson Health Care Dural House residential aged care facility and recently approved Maronite Catholic Church at 699 Old Northern Road, Dural.

An audit of potential sites identified 27 sites in four adjoining local centres which could accommodate a development similar to the Proposal. The site selection analysis considered the key planning criteria required to accommodate a health services facility. All 27 sites investigated were excluded or ruled out as potential locations either due to, *inter alia*:

1. Insufficient site area,
2. Fragmented ownership patterns (e.g. strata titling), and/or
3. High existing use values.

The latter two factors result development that is not economically feasible to undertake.

Investigation of the Site suggests it is an appropriate location for a health services facility. It is of sufficient size and the proposed medical use is considered compatible with neighbouring existing uses, including medical uses in the Round Corner Town Centre retail precinct and surrounding residential aged care facilities.

In light of limited other locations, there is an opportunity for the Site to contribute to meeting the existing and projected health services demands of the surrounding population whilst contributing to the role of the Round Corner Town Centre.

ECONOMIC IMPACT ASSESSMENT

The economic activity and impacts that could be facilitated by the Proposal were examined. This assessment has been based on the indicative concept plan, namely the development of a 3-story private hospital comprising 4,351sqm of GFA.

The assessment distinguishes the economic impacts during the construction phase and the operational phase.

Construction Phase

The Proposal is estimated to result in a **net increase in economic activity** during the construction phase, including:

- **\$34.8 million** in output (\$22.1 million directly).
- **\$11.8 million** contribution to Gross Regional Product (GRP) (\$5.5 million direct contribution).
- **\$6.2 million** in wages and salaries paid to local workers (\$3.0 million directly).
- **75 Full Time Equivalent (FTE) jobs** (38 direct FTE).

Table ES. 1: Construction Impacts, Hornsby Shire LGA

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$22.1	\$5.5	\$3.0	38
Flow-on Type I (Production-induced)	\$7.8	\$3.4	\$2.0	22
Flow-on Type II (Consumption-induced)	\$4.8	\$2.9	\$1.2	15
Total	\$34.8	\$11.8	\$6.2	75

Source: Atlas

Operational Phase

When operational, the Proposal is estimated to result in a **net increase in annual economic activity of:**

- **\$34.7 million** additional in output (including \$20.6 million in direct activity).
- **\$21.5 million** additional in contribution to GRP (including \$13.4 million in direct activity).
- **\$14.2 million additional in incomes and salaries** paid to households (including \$10.5 million directly).
- **180 additional FTE jobs** (including 135 additional FTE jobs directly related to activity on the Site).

Table ES. 2: Net Operational Impacts, Hornsby Shire LGA

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$20.6	\$13.4	\$10.5	135
Flow-on Type I (Production-induced)	\$4.0	\$2.1	\$1.3	13
Flow-on Type II (Consumption-induced)	\$10.1	\$6.1	\$2.4	32
Total	\$34.7	\$21.5	\$14.2	180

Source: Atlas

IMPACT ON ROUND CORNER TOWN CENTRE

Round Corner is defined as a Town Centre in The Hills Shire retail hierarchy (as per The Hills Shire Local Strategic Planning Statement). The centre comprises some 10,000sqm of retail floorspace and plays a predominantly locally orientated role, serving the residents of the surrounding suburbs of Dural, Kenthurst and Glenhaven.

A desktop audit identified a total of 66 occupiers in the Round Corner Town Centre and surrounding area. The centre is anchored by two major supermarkets (Woolworths, ALDI) and features a large food and beverage, specialty retail and business services (e.g. local bank branches, real estate agents) offering. Some five health and medical-related occupiers were identified in the centre, including the Dural Medical and Skin Cancer Clinic, Dural Osteopaths, Active Therapy Physiotherapy, Dural Friendly Pharmacy and Integrity Dental. These operators were identified in the Dural Health Hub Market Assessment (Health Projects International, 2022).

Compatibility of Uses

The compatibility of the land uses at the Dural Health Hub (private health services facility) with existing uses at the Round Corner Town Centre is an important economic consideration in the context of Hornsby and The Hills Shire's centre hierarchy.

Medical uses and private hospitals often operate within or proximate town centres. There are key benefits for this co-location and the opportunity for linked trips. Visitation driven by medical facilities can support retailers and occupiers as people take the opportunity to 'link' trips for health services and local shopping services. Equally, the diversity of retail and

services amenity offered by local centres provides convenience for patients and visitors. Co-location of medical uses is a well-understood and desirable land use outcome given the agglomeration benefits from a mix of complementary services.

The ability to 'link trips' has several economic benefits. Importantly, they allow residents to be more productive with their travel and reduce traffic congestion as goods and services can be purchased in a single outing.

Overall, a review of the different uses observed in the Round Corner Town Centre against those envisaged in the Proposal suggests that there will be a moderate to high-level of compatibility of uses. The private health services facility proposed could have strong synergies with neighbouring residential aged care and health and medical facilities, whilst contributing to the trade potential of existing retailers.

A summary of this assessment is provided in **Table ES.3**.

Table ES. 3: Compatibility of Medical Uses with Uses Observed in Round Corner Town Centre

Category	No. Occupiers	Compatibility	Comment
Residential Aged Care	2	High	The provision of medical uses proximate residential aged care and seniors living facilities is an appropriate land use outcome given the higher need of these residents for health service facilities.
Health and Medical	5	High	Health and medical uses have strong agglomeration benefits when co-located in close proximity. A large and diverse offering allows for the establishment of a precinct profile and delivers benefits for patients and medical practitioners.
Retail*	47	Moderate	Medical uses often draw upon a catchment area beyond those of the immediate surrounds. This contributes to the visitor population of a precinct or centre, benefitting retailers and business services from a trading potential perspective.
Professional/ Business Services	13		

*Includes supermarkets, food and beverage, specialty retail and personal services

Source: Atlas Economics

Impact of the Proposal

The delivery of the Proposal is expected to deliver positive economic benefits for the Round Corner Town Centre. Additional medical facilities will derive synergistic benefits with existing residential aged care and medical occupiers, whilst contribute to the trading potential of the centre through increased visitation and on-site employment.

Existing medical facilities operating within the Round Corner Town Centre were identified in the supply audit carried out in the HPI Study. Even when accounting for these existing operators, the HPI Study concluded potential for further health services. This suggests that the introduction of additional health services will have a negligible impact on existing operators over the medium to long-term.

FOREGONE OPPORTUNITY OF RU2 RURAL LANDSCAPE LAND USES

The suitability of land for agricultural purposes is intrinsically linked to the potential output that could be derived from its use. A multitude of factors therefore influence agricultural viability, particularly soil quality and land area. An Agricultural Viability Assessment (Edge Land Planning, 2022) concluded **the Site is not suited for agricultural uses** given:

- The size of the Site severely limits the potential of the land to be used for productive agriculture.
- Protected cropping would be the only potential agricultural use, however the viability of this is unlikely due to:
 - Insufficient land area to accommodate both a greenhouse (min. 2,000sqm) and other associated infrastructure.
 - Significant fall (6m from road frontage to rear) of the Site, necessitating expensive earthworks and drainage.
 - Proximity to and lack of buffers from surrounding land uses (residential, commercial and retail).

Furthermore, the existing use of the Site for residential uses has shifted its underlying property value. Based on existing house values across Dural, it is unlikely that the 'highest and best use' of the Site would shift from its existing use (i.e. detached dwellings) to another agricultural or rural land use permitted in the RU2 Rural Landscape zone.

The surrounding context of the Site is also dramatically changing, with the proposed development of the Round Corner Town Centre Expansion Site directly opposite on the western side of Old Northern Road for a mix of retail, commercial and residential uses. This limits the ability of the Site to function as an agricultural or rural use.

Accordingly, the impact of the Proposal as a result of foregone opportunity to develop the Site as per permitted uses in the RU2 Rural Landscape zone is considered to be moot, given the unlikelihood of the Site being developed for these uses.

STRATEGIC JUSTIFICATION

Based on a review of the Hornsby Local Strategic Planning Policy (LSPS) (March, 2020), The Hills Shire LSPS (October, 2019) and other relevant strategic studies, the Proposal is considered to have strategic justification. This is attributed to both the Proposal itself and the inherent characteristics of the Site which do not lend itself to the likelihood of alternative development.

The following conclusions from the above analysis are considered to demonstrate how the Proposal bears strategic merit.

- The Site's characteristics are the primary barrier to the objectives identified for Hornsby's Metropolitan Rural Area (MRA) as identified in the LSPS. Without the Proposal, it is likely that the Site will continue to 'as is', utilised for low-density residential housing.
- Given site characteristics and existing (valuable) residential uses, the commercial realities of land use mean that the Site is unlikely to be utilised as rural zoned lands. It is therefore important that a pragmatic approach is undertaken that recognises the likely future use of the Site.
- The Proposal does however provide an opportunity to meet the objectives of both PP3 and PP5 of the Hornsby Shire LSPS by facilitating the development of health uses proximate an existing town centre, directly responding to projected demand for health services whilst unlocking local employment opportunities for surrounding residents. Furthermore, the Proposal responds to PP1 and PP10 of The Hills Shire LSPS by providing local employment opportunities in one of The Shire's key target sectors (i.e. health) on the eastern boundary of an established Town Centre.
- The surrounding context of the Site is set to significantly shift with the development of the Round Corner Town Centre Expansion Site on the opposite side of Old Northern Road. The Proposal would complement the expansion of the Town Centre and appropriate urban and building design could effectively manage the boundary between the Site and surrounding properties in the MRA, noting that the Site is not surrounded by any agricultural or rural operations.
- The establishment of a new health services precinct surrounding Hornsby Hospital as recommended in the ELS is considered an appropriate land use response. However, the deliverability of the new precinct is yet to be examined and could arguably be challenging given the extent of fragmented land ownership.

The Proposal is however directly responding to demand in the central area of the Hornsby Shire LGA. It is important that access to health services is equitably distributed throughout the Shire, particularly where new residential aged care facilities and seniors housing have been developed.

- Increasing the number of local employment opportunities for working residents is a key goal of the LSPS. The Proposal is expected to provide employment opportunities for some 135 additional FTE jobs. The Proposal could provide more opportunities for residents to work close to their homes, meeting the 30-minute city objectives of the Hornsby Shire.

CONCLUSION

Economic modelling indicates that the Proposal will make a significant contribution to the Hornsby Shire economy. The Proposal is expected to generate an annual GRP of \$21.5 million to the local economy and support 135 FTE jobs on-site.

The Proposal is considered to have strategic merit and, where possible, appropriately addresses the priorities and objectives of the Hornsby LSPS and The Hills Shire LSPS.

The Proposal is not anticipated to negatively impact the surrounding Round Corner Town Centre retail precinct. Rather, the Proposal would deliver synergistic benefits with existing residential aged care facilities and medical occupiers and contribute to the trade catchment of the centre through increased visitation and employment. Importantly, the Proposal will facilitate the delivery of medical services in an area of high demand facilities and would be utilised by local residents who would otherwise have to travel further afield for specialist care.

In summary, the Proposal is concluded to exhibit economic merit and has the ability to immediately contribute to the local Hornsby Shire economy and address an expected shortfall in medical services in the medium-term. It is recommended that Hornsby Shire Council support the Proposal, subject to other technical findings.

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1. Introduction

1.1 Background

Healing ONR Pty Limited (Healing ONR) are planning for the redevelopment of a consolidated site at 679-685 Old Northern Road, Dural (the Site). The Site is primarily zoned RU2 Rural Landscape and part SP2 Infrastructure under the Hornsby Local Environmental Plan 2013 (HLEP 2013) and is occupied by two detached dwellings. The Site forms part of the eastern edge of the Round Corner Town Centre.

Healing ONR are progressing a planning proposal for an Additional Permitted Use (APU) for a health services facility and an increase in height from 10.5m to 14m on the Site. Various technical studies, including a Health Market Assessment and Sieving Assessment of potential sites, have been prepared to support the planning proposal and indicative concept plan.

Atlas Economics (Atlas) have been engaged by Healing ONR to carry out an Economic Impact Assessment (EIA) to assess the need for the proposed land uses and examine the economic impacts of the planning proposal.

1.2 The Site

The Site comprises two individual properties at 679-681 Old Northern Road and 683-685 Old Northern Road. Comprising a site area of 3,474sqm, the Site is rectangular in shape and bears a 48m frontage to Old Northern Road.

The Site is improved with two detached dwellings on both allotments and is currently used as residential accommodation.

The Site is bounded by a veterinary clinic, residential townhouses and Round Corner Town Centre retail precinct to the north, Old Northern Road to the west, detached dwellings and the recently approved Maronite Church development site to the south and Thompson Health Care Dural House residential aged care facility to the immediate east.

Figure 1.1 depicts the boundaries of the Site and its surrounds.

Figure 1.1: The Site and Surrounding Context



Source: Atlas/Nearmap

The Proposal

Preliminary concept planning for the Site envisages the development of a 3-storey health services facility to be known as the Dural Health Hub. The proposed development (the Proposal) would comprise 19 specialist consulting rooms, a 16-room medical centre, pathology collection area, medical imaging centre, 172sqm retail space and a day surgery with 4 operating rooms, 20 recovery bays and 15 short stay beds. The Proposal would also comprise two basement car parking levels accommodating 164 spaces.

A total of 4,351sqm of gross floor area (GFA) is proposed across the Site.

1.3 Purpose and Scope

The purpose of the EIA is several-fold:

1. Investigate demand for medical and related floorspace within a catchment area surrounding the Site and conclude whether the proposed floorspace is likely to address an existing or future unmet need.
2. Examine the appropriateness of the Site from a location-perspective for medical uses, including analysis of potential alternate locations.
3. Consider the implications of the Indicative Concept Plan on the Round Corner Town Centre and estimate economic impacts through economic modelling.
4. Review the Proposal against strategic planning policy from an economic impact perspective.

Various technical studies have been prepared to support the development of the Indicative Concept Plan. Atlas reviews, and where required, supplements the findings of these separate technical studies.

To meet the requirements of the brief, the following tasks are undertaken:

- Review the findings of the Dural Health Hub Market Assessment (Health Projects International, 2022) to establish the baseline demand for health services surrounding the Site.
- Examine the supply pipeline to ascertain the quantum of medical/health-related supply proposed in the catchment area.
- Review the findings of the Sieving Assessment (Architectus, 2022) and assess the likelihood of alternative sites appropriate to accommodate a health services facility from a market perspective.
- Identify the potential economic impacts resulting from the proposal on:
 - The Round Corner Town Centre Retail Precinct.
 - The foregone opportunity to develop RU2 Rural Landscape uses on the Site.
- Estimate the economic impacts of the Proposal on the local economy and surrounding region.
- Consider the strategic justification for the proposal in the context of the Hornsby Shire Local Strategic Planning Statement, The Hills Shire Local Strategic Planning Statement and other strategic land use and economic strategies.

1.4 Assumptions and Limitations

Atlas acknowledges a number of limitations associated with the Study.

- At the time of writing, Australia is still emerging from a period of sustained lockdowns across much of the country in response to the COVID-19 pandemic. Whilst the consensus amongst most economists is that Australia will experience a strong rebound in economic conditions over the short-term, the medium and long-term impacts of the global pandemic are yet to be fully understood.
- Data from third party sources is assumed to be correct and is not verified.
- Desktop market research has been undertaken without physical site surveys and inspections.
- Specific assumptions related to economic impact modelling are detailed in Chapter 4 and Schedule 1.

Notwithstanding the above, all due care, skill and diligence has been applied to this Study as is reasonably expected.

2. Need for Health Services

This chapter reviews the Dural Health Hub Market Assessment and Service Profiling Study carried out by Health Projects International (HPI) in March 2022 (the HPI Study). The HPI Study investigates supply and demand for medical outpatients (specialist and general practice), allied health patients, acute same day place/ beds, radiology and pharmacy within a defined catchment area to identify potential gaps in the medical services offer. An analysis of potential competitors has additionally been undertaken to understand major players operating in or proximate to the defined catchment.

The HPI Study forms part of the planning proposal package and should be read in conjunction with this Study.

2.1 Catchment Area

The suburb of Dural straddles two Local Government Areas (LGAs) – The Hills Shire and Hornsby Shire, which are defined in the HPI Study as the Primary Catchment Area. Population projections for both LGAs are sourced from the Department of Planning and Environment (DPE) and analysed to develop a population profile for the Primary Catchment.

Figure 2.1 shows the boundaries of the Primary Catchment Area and Northern Catchment.

Figure 2.1: Primary Catchment Area



Source: Atlas Economics

2.2 Projected Demand

Demand modelling has been undertaken in the HPI Study to understand if there is a need for the Proposal. The modelling exercise applies age and gender specific per capita rates¹ to current and future population projections based on:

- Number of overnight episodes.
- Number of same day episodes and consultations.
- Number of same day conversions to overnight stays.
- Places and consultation using stay periods.

¹ Per capita rates are developed from benchmark utilisation data from advanced health systems from Australia, the United States and Europe.

A key element to quantifying demand for health care is an understanding of the population profile (specifically age and gender) over the next 15-20 years together with current utilisation trends in the Primary Catchment Area.

2.2.1 Population Projections

By 2035, the Hills Shire and Hornsby Shire LGAs are expected to have risen by an additional 100,000 and 150,000 residents respectively (DPIE, 2019). Analysis of the age structure reveals growth rates in the over 65-year age cohorts similar to, or higher than the NSW average.

Table 2.1 compares population growth and change in the proportion of residents aged 65 years and over in the two LGAs.

Table 2.1: Total Population and Proportion over 65 Years (2020-2035)

Catchment	Total Population			% Over 65 Years		
	2020	2035	CAGR	2020	2035	Change
Hornsby Shire LGA	154,303	168,969	0.6%	17%	21%	+4%
The Hills Shire LGA	190,645	291,568	2.9%	14%	17%	+3%
NSW	8,278,547	9,974,485	1.3%	17%	20%	+3%

*CAGR – Compound Annual Growth Rate

Source: Health Projects International (2022)

Analysis of the two LGAs shows that whilst the pace and quantum of growth differs, the change in the number of residents over the age of 65 is similar suggesting there may be a higher presence of older residents in the Catchment Area utilising or requiring health care.

Key Suburbs

To understand forecast population growth at a suburb level, the HPI Study has also considered population projections developed by demography group .id which were prepared in consultation with the Hornsby Shire and The Hills Shire Councils. These smaller area projections indicate that the 'North Western' district (which includes Dural and other surrounding suburbs) is expected to record population growth of circa 10% over the 2020-2040 period (reflecting average annual growth of 0.5%). A summary of these forecasts is provided in **Table 2.2**.

Table 2.2: Population Forecasts (2020-2040), Key Areas in Primary Catchment Area

Districts	Suburbs	2020 population		2040 population			
		No. of people	% Hornsby Shire (nearest 1)	No. of people	Change 2020-2040 (no.)	(%)	% Hornsby Shire (nearest 1)
Central	• Asquith	6,379	4%	9,207	+2,828	+44%	5%
	• Hornsby	24,566	15%	35,961	+11,395	+46%	19%
	• Hornsby Heights	6,445	4%	6,625	+180	+3%	4%
	• Mount Colah/Mount Ku-ringgai	10,058	6%	11,024	+966	+10%	6%
	• Normanhurst	5,588	4%	6,030	+442	+8%	3%
	• Wahroonga	4,730	3%	5,637	+907	+19%	3%
	• Waitara	7,654	5%	9,333	+1,679	+22%	5%
Central subtotal		65,420	42%	83,817	+18,397	+28%	46%
North Eastern	• Berowra	4,894	3%	5,246	+351	+7%	3%
	• Berowra Heights-North Eastern Rural Balance (incl. Cowan, Brooklyn, Dangar Island, Wilson's Passage, Peat Island)	6,466	4%	6,557	+91	+1%	4%
	• Brooklyn	650	<1%	699	+49	+8%	<1%
	North Eastern subtotal	12,010	8%	12,502	+492	+4%	8%
North Western	• Arcadia - North Western Rural (incl. Berrilee, Canoe lands, Fiddletown, Forest Glen, Glenorie, Maroota, Laughtondale, Singletons Mill, Wisemans Ferry)	3,896	2%	4,002	+106	+3%	2%
	• Dural	5,727	4%	6,298	+571	+10%	3%
	• Galston - Middle Dural	3,581	2%	4,362	+781	+22%	2%
	North Western subtotal	13,204	8%	14,662	+1,458	+11%	8%
Southern	South Eastern:						
	• Beecroft - Cheltenham	10,290	7%	11,446	+1,156	+11%	6%
	• North Epping	4,732	3%	4,889	+157	+3%	3%
	• Pennant Hills	7,975	5%	9,433	+1,458	+18%	5%
	• Thornleigh	8,955	6%	10,634	+1,679	+19%	6%
	• Westleigh	4,579	3%	4,771	+192	+13%	3%
	South eastern sub-district subtotal	36,531	23%	41,173	+4,642	+13%	22%
	South Western:						
	• Castle Hill	5,917	4%	5,624	-293	-5%	3%
	• Cherrybrook	18,680	12%	21,378	+2,698	+14%	12%
	• West Pennant Hills	4,167	3%	4,945	+778	+19%	3%
	South western sub-district subtotal	28,764	18%	31,947	+3,183	+11%	17%
Southern subtotal		65,295	42%	73,120	+7,825	+12%	40%
Hornsby Shire total		155,929		184,161	+28,172	+18%	

Source: .id, sourced in Health Projects International (2022)

2.2.2 Utilisation Trends

The HPI Study investigates utilisation trends for non-hospital services such as GP, allied health, specialist and diagnostic imaging. Investigations were carried out for the local Dural-Wiseman Ferry SA3 geography (which immediately surrounds the Site and forms part of the Primary Catchment Area) and other neighbouring areas over 2020-2021 to understand the type and quantum of consultations and/ or procedures occurring.

In all services, Dural-Wisemans Ferry utilises MBS services at a greater rate than the NSW average but is not dissimilar to adjacent regions.

Table 2.3 summarises the analysis of non-hospital services by SA3 region over 2020-21.

Table 2.3: MBS Utilisation Rates (2020-21), SA3 Region

Service and Area (SA3)	Services per 100 people	Medicare benefits per 100 people (\$)	No. of patients	No. of services	Avg. Services per patient	Avg. Provider Fee (\$)
Allied Health						
Dural - Wisemans Ferry	110	7,582	11,922	30,488	2.6	91
Blacktown	105	6,441	55,589	151,994	2.7	70
Hornsby	109	7,623	36,712	94,574	2.6	92
Ku-ring-gai	110	8,221	55,624	140,298	2.5	103
NSW	102				2.6	80
Diagnostic Imaging						
Dural - Wisemans Ferry	140	21,570	12,971	38,883	3	173
Blacktown	128	18,651	61,618	184,943	3	150
Hornsby	105	15,618	33,982	91,139	3	175
Ku-ring-gai	115	17,866	52,567	146,848	3	185
NSW	118				2.9	166
GP Services						
Dural - Wisemans Ferry	798	42,864	25,954	221,948	9	58
Blacktown	816	41,218	126,762	1,179,728	9	51
Hornsby	682	35,574	77,881	593,488	8	56
Ku-ring-gai	622	33,056	111,406	795,111	7	62
NSW	683	35,173	6,982,277	56,107,905	7.9	56
Specialist Services						
Dural - Wisemans Ferry	156	14,256	12,112	43,411	4	158
Blacktown	112	10,137	47,507	161,459	3	133
Hornsby	132	12,454	33,069	114,696	3	163
Ku-ring-gai	160	16,019	55,718	204,182	4	178
NSW	116	10,586	2,885,965	9,676,647	3.3	144

Source: AIHW, sourced in Health Projects International (2022)

By reviewing the supply of the SA3 area catchment against the Medicare Benefits Schedule (MBS) activity, it is evident that this population is flowing out of the Dural area to receive care. The growth in demand due to population growth and an aging population could result in greater outflow of service provision for the local population. These older cohorts would benefit from local services due to potential limitations in mobility and vehicle usage.

2.2.3 Demand Findings

The analysis focuses on acute care, non-acute care, operating theatres, outpatients (GPs, allied health etc) and medical imaging services. Demand for each service is discussed in turn.

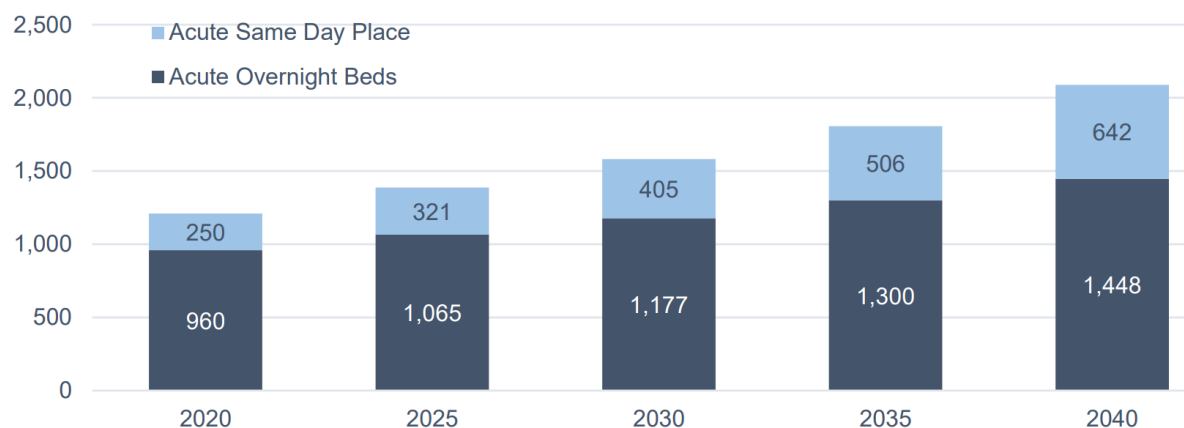
Acute and Non-Acute Care

Same day services (and outpatient services) are amongst the fastest growing service type in Australian health care owing to the rapid advancement in technology and medical techniques and a shift in patient preferences.

Demand for acute care beds in the Primary Catchment Area is projected to increase over the next two decades with overnight beds forecast to grow by 2.5% per annum whilst same day bed demand is forecast to grow by almost 8% per annum.

Figure 2.2 shows the forecast growth for acute overnight and same day beds in the Primary Catchment Area to 2040.

Figure 2.2: Forecast Demand for Acute Care Beds, Primary Catchment Area (2020-2040)



Source: Health Projects International (2022)

Same day specialty services with the highest forecast demand include services such as renal dialysis, chemotherapy, orthopaedic and ophthalmology.

Utilisation data for acute care suggests that purpose designed day hospitals can provide simple, routine and procedural care on a same day basis, minimising the need for extended overnight stays. The limited number of existing acute care same day beds in the Primary Catchment Area may be insufficient to serve the aging population and potential rises in the prevalence of chronic diseases. There will be a growing need for non-acute care services in the Primary Catchment Area given the growth in older residents (65 years and over), with forecast growth of around 5% per annum to 2040.

Operating Theatres

Operating theatres are a common facility at both day and overnight hospitals and classified as either Elective or Emergency. A broad range of elective procedures can now be performed in day surgeries with growth in day surgery preferences outpacing demand for overnight elective surgeries.

Demand for same day elective surgery is expected to grow by over 4% per annum in the Primary Catchment Area with the fastest growing specialties in the Primary Catchment Area being orthopaedics, ophthalmology, GI surgery, diagnostic, GI and plastic surgery. This projected demand translates to a need for an additional 24 elective same day operating theatres in the Catchment Area over the next 20 years.

Outpatients

The outpatient health care system includes GPs, specialist outpatient and allied health. Utilisation of general and primary care is driven primarily by location with residents more likely to visit a local GP clinic and travel further afield for specialist care if necessary.

Demand for general care in the Primary Catchment Area is forecast to grow by 5% per annum, reflecting a need for an additional 1,355 consulting rooms by 2040 (or 41 additional rooms per annum). Demand for specialist outpatient consultation services is also projected to increase with the rate of growth varying across specialist services.

Whilst modelling indicates strong growth of between 2% and 7% per annum across all services, specialist services with the highest levels of demand include general medicine, respiratory medicine, general surgery, obstetrics, endocrinology and orthopaedics.

Allied health is shown to play a supporting role to specialist medical services in the Primary Catchment Area however owing to the growing population will still experience a significant increase in demand.

Table 2.4 summarises projected demand for common types of allied health services in the Primary Catchment Area.

Table 2.4: Projected Demand for Allied Health Services, Primary Catchment Area (2020 to 2040)

	2020	2025	2030	2030	2040	CAGR*
Physiotherapy	166	231	312	423	593	6.6%
Podiatry	58	73	90	108	131	4.2%
Occupational Therapy	38	55	76	89	112	5.6%
Optometry	62	73	83	93	102	2.5%
Speech Pathology	37	45	53	64	76	3.7%
Psychology	27	36	45	55	66	4.6%
Social Work	16	22	28	36	44	5.2%
Diabetes/ Nutrition	115	19	23	28	32	3.9%
Audiology	12	11	12	14	15	1.1%
Orthotics	1	2	2	3	3	5.6%
Total	432	567	724	913	1,174	5.1%

*CAGR – Compound Annual Growth Rate

Source: Health Projects International (2022)

Overall, demand for allied health services is projected to grow by around 5% over the next two decades suggesting additional consulting rooms could be required to meet demand.

Medical Imaging

Non-hospital or 'community based' services such as ultrasound, X-Ray and MRI modalities are currently limited in the Primary Catchment Area.

Overall, demand for medical imaging is projected to grow by almost 4% per annum by 2040 which will require an additional 88 imaging machines in the Primary Catchment Area.

2.3 Supply Audit

The HPI Study carried out a supply audit of existing health care facilities and services currently offered in the Primary Catchment Area. The supply audit focused on existing supply of licensed hospitals, outpatients, general practice (GP), allied health, medical imaging and pathology practices within a 10km radius of the Site.

A summary of findings is as follows:

- **Licensed Hospitals**
 - Seven licenced hospitals within a 10km radius of the Site providing just over 1,400 beds and generally concentrated around Hornsby and Norwest.
 - Six day hospitals within a 10km radius.
 - No day surgery facilities identified within a 5km radius.
- **GP Clinics**
 - Nine clinics identified within a 10km radius of the Site, four of which are in Dural within 2km from the Site.
 - Local Dural clinics combined offer a broad range of general and allied health services including skin cancer checks, physiotherapy and sports injuries, chiropractic, diabetes, exercise physiology, psychology and mental health, speech pathology, children/ men/ women health and antenatal.
- **Allied health practitioners/ specialists**
 - Observed primarily in the southern parts of the Hornsby Shire and The Hills Shire LGAs.
 - Limited services are identified north of Glenhaven.
 - Four physiotherapy clinics within 5km of the Site in the neighbouring suburbs of Glenhaven (2km), Castle Hill (3km) and Cherrybrook (4km).

- Clusters of specialist medical consultation rooms are observed in the high-density areas of Wahroonga, Bella Vista, Hornsby, Castle Hill and Baulkham Hills with a high presence of Ophthalmologists and ENT services.
- Two specialist consultation rooms are observed north of Castle Hill.
- **Medical imaging and pathology**
 - 13 pathology centres and 15 radiology centres are observed in and proximate to the Primary Catchment.
 - Typically co-located with acute health care facilities in Hornsby and the Hills/ Bella Vista.
 - The local Dural medical centre offers pathology services.
 - No radiology services are offered north of Castle Hill.
- **Pharmacy services**
 - Seven pharmacies observed, including two co-located within local medical centres proximate to the Site.

2.4 Gap Analysis

A gap analysis compared existing supply with projected demand to identify services that will be under or oversupplied in the Primary Catchment Area over the next 15- 20 years. The analysis was undertaken for the Primary Catchment Area and adjoining areas to identify if there could be potential to capture overflow patients from existing facilities in those areas. The following section focuses on the Primary Catchment Area.

Based on findings from sections 2.1 and 2.2, several areas of health care could be undersupplied by 2040, with some shortages expected as early as 2025. The areas expected to face supply shortages include:

- **Same day surgery places**
Same day surgery is fast becoming the preferred treatment option for patients. The supply audit identified five specialist day surgeries in the Primary Catchment Area and nine endoscopy theatres located within the hospitals providing a combined 199-day places.

If no further supply of same day surgery places is delivered across the Catchment Area, there was estimated to be an undersupply of 122 places by 2025 and 307 by 2035.
- **Outpatients**
There is a general lack of allied health and specialist consulting rooms observed north of Castle Hill with only two specialist consulting rooms.
- **Medical Imaging**
The supply audit revealed no radiology services currently provided within a 5km radius of the Site or north of Castle Hill. Demand for ultrasound, X-Rays and MRI modalities were found to be the strong over the next 20 years, suggesting additional equipment and services in these fields may be required.

The gap analysis also showed areas where an oversupply of services could occur. Based on current supply together with demand projections, there was estimated to be an oversupply of chemotherapy services by 2035.

2.5 Need for the Proposal

Hospital services and medical procedures are evolving with advancements in technology and technical skill. Patient preferences are also evolving with a marked shift towards same day surgical procedures in purpose-built facilities where a range of procedures across various specialties can be performed safely and effectively.

The findings in this chapter highlight an imbalance in the provision of medical facilities across the Primary Catchment Area. Unsurprisingly, residents in the larger centres to the south of Dural are well serviced whereas there is a notable undersupply of services in suburbs to the north. Seven day hospitals are observed within a 10km radius of the Site and whilst medical centres are provided in Dural, there are no purpose-built day hospitals within a 5km radius of the Site. Consideration should be given to the provision of additional day hospitals to cater for the population growth in the Primary Catchment Area and shifting preferences for same day procedures.

The immediate area surrounding the Site (North West region) is projected to grow by some 10% by 2040. That equates to a total of just over 1,450 additional residents over the next 15-20 years. In the broader area, The Hills Shire and Hornsby Shire LGAs are expected to have risen by an additional 100,000 and 150,000 residents by 2035. The number and proportion of these residents aged 65 years and older is expected to grow strongly, which in itself suggests a need for health and medical related care facilities.

Changes in the population over the coming decades will result in 'gaps' for some services where demand outpaces supply.

The Proposal is to comprise a 3-storey purpose-built facility providing a medical centre, dedicated day surgery and consulting rooms and inpatient short and overnight stay facilities. The Proposal is envisaged to be constructed on a main road proximate to an established retail precinct and existing medical centres. Based on demand modelling, the proposed health services facility would be utilised by local residents who would otherwise have to travel further afield for specialist care.

3. Suitability of the Site

This chapter reviews the Site Sieving Assessment carried out by Architectus in 2022 (the Sieving Assessment) which analysed the suitability of alternate sites elsewhere within the Hornsby Shire and The Hills Shire LGAs to accommodate the Proposal. The Sieving Assessment used a criteria-based approach to identify several potential locations and assessed the likelihood of these locations being capable of being developed.

The Sieving Assessment forms part of the planning proposal package and should be read in conjunction with this Study.

3.1 Existing Role of the Site

The Site currently comprises two residential properties both improved with a dwelling and outbuildings and used for private residential purposes.

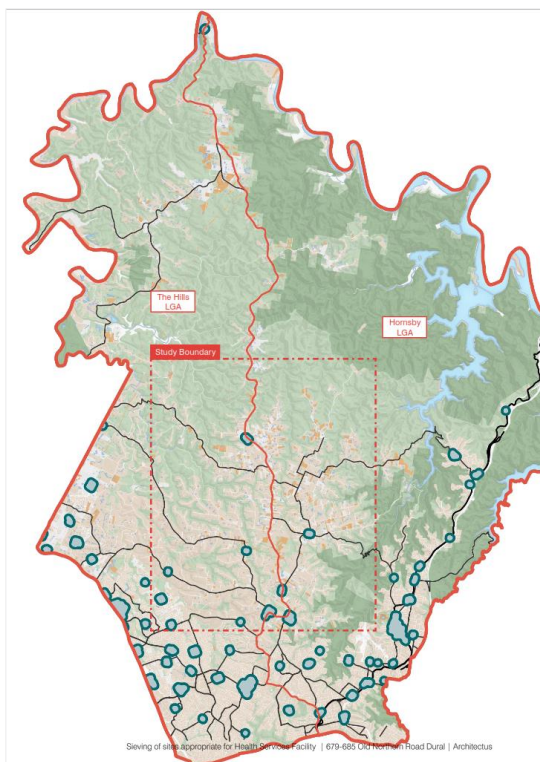
Whilst zoned for rural uses, the Site forms part of the Round Corner Town Centre – a popular centre which comprises a broad mix of retail and business uses. The Site is located directly opposite the Round Corner Town Centre Expansion Site as identified in the in The Hills Shire Development Control Plan (DCP), which has approval for a large mixed use development known as 'Dural Skyline'. Recent development activity is further influencing the context of the Site, including the recently completed Thompson Health Care Dural House residential aged care facility immediately east and the recently approved Maronite Catholic Church at 669 Old Northern Road, Dural.

The Site falls within the RU2 Rural Landscape zone which does not permit development of a health services facility. The Round Corner Town Centre Expansion Site immediately west of the Site is zoned a mix of B2 Local Centre and R3 Medium Density Residential. The Round Corner Town Centre retail precinct to the immediate north is zoned B2 Local Centre.

3.2 Catchment Area

The Sieving Assessment was based on the Outflow Capture Northern Region Study Area defined in the HPI Study from which to assess site locations which could potentially accommodate the Proposal. This Study Area reflects the likely patient catchment the Proposal intends to service. As illustrated in **Figure 3.1**, the Study Area incorporates the central and northern portions of the Hornsby Shire and The Hills Shire LGAs.

Figure 3.1: Sieving Assessment Study Area



Source: Architectus (2022)

3.3 Potential Locations

Architectus applied a criteria-based approach to identify potential site locations within the Study Area through the following methodology:

1. Develop a set of criteria for appropriate site selection.
2. Identify potential locations suitable for a health services facility based on key planning and design outcomes ('Stage 1 Site Sieving'). The three planning criteria includes:
 - Land zoning that permits (with consent) a health services facility. The existing zones which permit this use include business zones under the Hornsby LEP 2013 and a mix of residential and business zones under The Hills Shire LEP 2019.
 - Location within 200m from an existing town centre.
 - Access to an egress from a main arterial road.
3. Analysis of individual sites within the areas identified in Step 2 based on, *inter alia*, size, zoning, current use, current development capacity and ownership.

Findings of Sieving Assessment

Stage 1 Sieving identified four local centres that could be suitable for a health services facility. The four centres include North Kellyville, Glenhaven, Round Corner (Dural) and Dural. A total of 27 potential sites were subsequently identified (Step 3) that satisfied the three location selection criteria.

Further analysis of the individual sites revealed that none satisfied the zoning and design requirements to accommodate a health services facility.

Table 3.1 summarises the 27 individual sites examined and reasoning for exclusion.

Table 3.1: Analysis of Potential Sites

Local Centre	No. of Sites	Site Characteristics	Assessment	Conclusion
North Kellyville	3	Mix of R1 General Residential and R3 Medium Density sites	<ul style="list-style-type: none"> Proposed use not compatible with R1 or R3 zone objectives Increased noise and traffic from the proposed use may adversely affect adjoining residential uses Small site currently utilised as a footpath/ verge, not suitable for redevelopment Amalgamation requirements 	Excluded
Glenhaven	1	R3 zoned site, strata titled improvements	<ul style="list-style-type: none"> Strata titled – difficult to amalgamate Proposed use not compatible with R3 zone objectives 	Excluded
Round Corner Retail Precinct	12	Strata titled residential/ non-residential properties, generally business zone	<ul style="list-style-type: none"> Existing uses deemed important for the locality or unlikely to be redeveloped due to the existing values or function Strata titled properties Existing leases in place to national tenants Amalgamation requirements Environmental issues (i.e. potential contamination) 	Excluded
Dural	7	Strata/ non-strata properties, mix of residential and business zones	<ul style="list-style-type: none"> Existing uses unlikely to be redeveloped due to the existing value or function Strata titled properties Proposed use not compatible with residential zones Existing leases in place to national tenants 	Excluded

Source: Architectus (2022)

All 27 sites investigated were excluded or ruled out as potential locations either due to insufficient size, fragmented ownership patterns or high value existing uses (often attributed to the existence of long tenancies to national occupiers). The latter two factors result development that is not economically feasible to undertake.

The Site satisfies each of the planning criteria set in Stage 1 of the Sieving Assessment. It is a larger accessible site positioned on a main road within the eastern fringe of an existing town centre. The proposed health services facility use was considered compatible with existing uses such as the medical centres and residential aged care facilities already established in the locality.

3.4 Need for the Proposal

A detailed assessment of potential locations within the Study Area which could meet the projected demand for health services (as identified in Chapter 2) concluded those sites were not suitable due to a mix of environmental, site and economic constraints.

The existing use of the Site while consistent with the current zoning does not contribute to the role envisaged for Round Corner as a town centre. The Site's strategic position on a main connecting road proximate to retail amenities, residential aged care facilities and medical centres makes for a compelling proposition to deliver a health services facility in light of projected demand.

Given limited potential locations, there is an opportunity for the Site to contribute to the meeting the existing and projected health services demands of the surrounding population whilst contributing to the role of the Round Corner Town Centre.

The economic implications of the Proposal are explored in further detail in the next chapter.

4. Economic Impact Assessment

This chapter examines the economic activity and impacts that could be facilitated through progression of the Proposal during construction and upon completion. The analysis estimates the economic activity supported in the following scenarios:

- **Base Case:** The Site continues to accommodate two residential dwellings. Alternative agricultural uses are assumed to be unviable on the Site in accordance with the findings of the Agricultural Viability Assessment (Edge Land Planning, 2022). The Agricultural Viability Assessment forms part of the planning proposal package and should be read in conjunction with this Study.
- **Proposal Case:** The Proposal includes a 4,351sqm GFA health services facility, including 19 specialist consulting rooms, a 16-room medical centre, pathology collection area, medical imaging centre, 172sqm retail space and a day surgery with 4 operating rooms, 20 recovery bays and 15 short stay beds.

The economic impacts are assessed at the Hornsby Shire LGA level. An Input-Output model (including the development of specific regional Input-Output transaction tables) was developed to reflect the economic structure of the Hornsby Shire LGA (see Schedule 1 for further detail).

Input-Output modelling considers economic activity through examining four types of impacts as described in **Table 4.1**.

Table 4.1: Economic Indicators

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product (GRP)) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project either directly or indirectly.
Employment	Employment positions generated by the Project (either full time or part time, directly or indirectly). Employment is reported in terms of Full-time Equivalent (FTE) positions or person-years.

Source: Atlas

Input-Output modelling estimates show the impacts of direct spending in a particular industry as well as from Production-induced impacts (Type I) or Consumption-induced impacts (Type II).

- **Production-induced impacts (Type I)** show the effects of industrial support effects of additional activities undertaken by supply chain industries increasing their production in response to direct spending.
- **Consumption-induced impacts (Type II)** estimate the re-circulation of labour income earned as a result of the initial spending, through other industry impacts, or impacts from increased household consumption.

The estimates of economic impacts consider production and consumption-induced flow-on impacts. Type II impacts are commonly considered to overstate economic activity and therefore the types of flow-on impacts are reported separately.

Drivers of Economic Activity

To understand the economic impacts likely to result from the Proposal compared to the Base Case, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent in nature following construction completion and operations commencement and stabilisation.

- **Construction Phase:** Construction activity will draw resources from and thereby generate economic activity in the Hornsby Shire LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA. The construction phase is assessed for the Proposal Case only.
- **Operational Phase:**
 - **Base Case:** The Site will generate ongoing activity through the local expenditure of households residing in the two residential dwellings.

- **Proposal Case:** On completion of the development, the Site is expected to generate ongoing economic/operational activity through the direct activity generated by the health services facility and retail/food and beverage operations.

Refer to Schedule 1 for a description of the drivers and assumptions that underpin the assessed economic impacts.

4.1 Economic Activity and Impacts

Economic impacts arising in the Construction Phase are estimated separately to the Operational Phase. Construction impacts are expected to be short-term in nature and will conclude when development activity is completed.

4.1.1 Construction Phase

During construction the Proposal Case is projected to generate significant economic impacts for Hornsby Shire LGA, including:

- **\$34.8 million** in output (\$22.1 million directly).
- **\$11.8 million** contribution to GRP (\$5.5 million direct contribution).
- **\$6.2 million** in wages and salaries paid to local workers (\$3.0 million directly).
- **75 FTE jobs** (38 direct FTE).

Table 4.2 summarises the estimated economic impacts during the Construction Phase in the Proposal Case.

Table 4.2: Construction Impacts (Proposal Case), Hornsby Shire LGA

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$22.1	\$5.5	\$3.0	38
Flow-on Type I (Production-induced)	\$7.8	\$3.4	\$2.0	22
Flow-on Type II (Consumption-induced)	\$4.8	\$2.9	\$1.2	15
Total	\$34.8	\$11.8	\$6.2	75

Note: Totals may not sum due to rounding.
Source: Atlas

4.1.2 Operational Phase

Following the completion of construction, the Proposal Case is estimated to support the following annual economic activity through direct and indirect (flow-on) impacts associated with operations on the Site:

- **\$34.9 million** in output (including \$20.7 million in direct activity).
- **\$21.6 million** contribution to GRP (including \$13.4 million in direct activity).
- **\$14.3 million** in incomes and salaries paid to households (including \$10.5 million in direct income).
- **181 FTE jobs** (including 136 FTE directly related to activity on the Site).

Table 4.3 summarises the estimated economic impacts during the Operational Phase in both the Base and Proposal Case.

Table 4.3: Operational Impacts in Hornsby Shire LGA, Base Case and Proposal Case

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Base Case				
Direct	\$0.12	\$0.07	\$0.04	1
Flow-on Type I (Production-induced)	\$0.03	\$0.01	\$0.01	0
Flow-on Type II (Consumption-induced)	\$0.04	\$0.02	\$0.01	0
Total	\$0.19	\$0.11	\$0.06	1
Proposal Case				
Direct	\$20.7	\$13.4	\$10.5	136
Flow-on Type I (Production-induced)	\$4.1	\$2.1	\$1.3	13
Flow-on Type II (Consumption-induced)	\$10.1	\$6.1	\$2.4	32

Indicator	Output (\$M)	GRP (\$M)	Incomes (\$M)	Employment (FTE)
Total	\$34.9	\$21.6	\$14.3	181
Net Operational Impacts				
Direct	\$20.6	\$13.4	\$10.5	135
Flow-on Type I (Production-induced)	\$4.0	\$2.1	\$1.3	13
Flow-on Type II (Consumption-induced)	\$10.1	\$6.1	\$2.4	32
Total	\$34.7	\$21.5	\$14.2	180

Note: Totals may not sum due to rounding.

Source: Atlas

Compared with the Base Case, the Proposal Case facilitates a significantly intensified use of the Site, accommodating more businesses and employment activity, resulting in greater levels of output and contribution to the Hornsby Shire economy.

The Proposal is estimated to result in a **net increase in economic activity** through direct and indirect (flow-on) annually at:

- **\$34.7 million** additional in output (including \$20.6 million in direct activity).
- **\$21.5 million** additional in contribution to GRP (including \$13.4 million in direct activity).
- **\$14.2 million additional in incomes and salaries** paid to households (including \$10.5 million directly).
- **180** additional FTE jobs (including 135 additional FTE jobs directly related to activity on the Site).

The economic impacts estimated in this section demonstrates the Proposal has economic merit, having the ability to contribute significantly to the Hornsby Shire local economy.

4.2 Other Economic Impacts

Beyond the economic impacts generated by the Proposal during the Construction Phase and upon the Dural Health Hub becoming operational, other more indirect impacts are considered.

This section considers the economic implications of the Proposal on the Round Corner Town Centre and impact of foregoing the opportunity to develop the Site for land uses permitted in the RU2 Rural Landscape zone.

4.2.1 Impact on Round Corner Town Centre

Round Corner is a Town Centre in The Hills Shire retail hierarchy as defined in The Hills Shire Local Strategic Planning Statement (The Hills Shire Council, 2010). The centre comprises some 10,000sqm of retail floorspace and plays a predominantly locally orientated role, serving the residents of the surrounding suburbs of Dural, Kenthurst and Glenhaven.

Existing Land Uses

A desktop audit carried out in December 2021 has identified a total of 67 occupiers across the Round Corner Town Centre and surrounding area. The centre is anchored by two major supermarkets (Woolworths, ALDI) and features a large food and beverage, specialty retail and business services (e.g. local bank branches, real estate agents) offering.

Table 4.4 provides a summary of the Round Corner Town Centre's occupier profile.

Table 4.4: Occupier Audit, Round Corner Town Centre

Category	No. Occupiers
Aged Care	2
Supermarkets	2
Food and Beverage	20
Specialty Retail	15
Professional and Business Services	13
Personal Services	10
Health and Medical	5
Total	67

Source: Atlas Economics

Some five health and medical-related occupiers were identified in the centre, including the Dural Medical and Skin Cancer Clinic, Dural Osteopaths, Active Therapy Physiotherapy, Dural Friendly Pharmacy and Integrity Dental. These operators were identified in the HPI Study.

Compatibility of Uses

The compatibility of uses reflects the capacity of differing land uses to operate in a conflict-free environment. The ability of the land uses envisaged at the Dural Health Hub (private health services facility) to be compatible with existing uses at the Round Corner Town Centre is an important economic consideration.

Medical uses and private hospitals often operate proximate to town centres. There are key benefits for this co-location – visitation driven by medical facilities can support retailers and occupiers in town centres as people take 'linked' trips to satisfy their medical and shopping needs. Equally, the diversity of retail and services amenity offered by town centres provides convenience for patients and visitors.

The ability to 'link trips' has several economic benefits. Importantly, they allow residents to be more productive with their travel and reduce traffic congestion as goods and services can be purchased in a single outing.

Co-locating a variety of medical uses together is a well-understood and desirable land use outcome given the agglomeration benefits generated from a mix of complementary services in close proximity.

Overall, a review of the different uses observed in the Round Corner Town Centre against those envisaged in the Proposal suggests that there will be a moderate to high-level of compatibility of uses. The private health care facility proposed will have strong synergies with the existing neighbouring residential aged care and health and medical facilities, whilst contributing to the overall trade catchment of existing retailers. A summary of this assessment is provided in **Table 4.5**.

Table 4.5: Compatibility of Health Service Facility Uses with Uses Observed in Round Corner Town Centre

Category	No. Occupiers	Compatibility	Comment
Residential Aged Care	2	High	The provision of medical uses proximate residential aged care and seniors living facilities is an appropriate land use outcome given the higher need of these residents for health services facilities.
Health and Medical	5	High	Health and medical uses have strong agglomeration benefits when co-located in close proximity. A large and diverse offering allows for the establishment of a precinct profile and delivers benefits for patients and medical practitioners.
Retail*	47	Moderate	Medical uses often draw upon a catchment area beyond those of the immediate surrounds. This contributes to the visitor population of a precinct or centre, benefitting retailers and business services from a trading potential perspective.
Professional/ Business Services	13		

*Includes supermarkets, food and beverage, specialty retail and personal services

Source: Atlas Economics

Impact of the Proposal

The delivery of the Proposal is expected to deliver positive economic benefits for the Round Corner Town Centre, rather than detract from it. Additional medical facilities will derive synergistic benefits with existing residential aged care and medical occupiers, whilst contribute to the trade catchment of the centre through increased visitation and employment.

Existing medical facilities operating within Round Corner Town Centre were identified in the supply audit carried out in the HPI Study. Even when accounting for these existing operators, the HPI Study concluded potential for further health services. This suggests that the introduction of additional health services will have a negligible impact on existing operators over the medium to long-term.

Overall, the Proposal has the potential to support the economic sustainability of the Round Corner Town Centre and would deliver positive economic benefits.

4.2.2 Foregone Opportunity for RU2 Rural Landscape Land Uses

The Site is currently zoned RU2 Rural Landscape (and partially SP2 Infrastructure) under the HLEP 2013. This section considers the potential impact of the Proposal resulting from the lost opportunity to the develop the Site in accordance with the permitted land uses under the HLEP 2013.

Permitted RU2 Rural Landscape Land Uses

A key objective of the RU2 Rural Landscape (RU2) zone is to encourage primary industry production, with agriculture land uses permitted without consent. Other land uses are also permitted in the RU2 zone, subject to their compatibility with other uses. Detached dwellings (the existing use of the Site) are permitted in the RU2 zone.

Private health services facilities (the primary land use associated with the Proposal) are not identified as a permitted land use within the RU2 zone. **Table 4.6** summarises the list of permitted land uses in the RU2 zone as per the HLEP 2013.

Table 4.6: Permitted Land Uses in RU2 Zone, Hornsby LEP 2013

Permissibility (Item No.)	Land Uses
Permitted without Consent (2)	Environmental protection works; Extensive agriculture; Home occupations
Permitted with Consent (3)	Animal boarding or training establishments; Aquaculture; Building identification signs; Business identification signs; Cellar door premises; Centre-based child care facilities; Community facilities; Dual occupancies (attached); Dwelling houses; Eco-tourist facilities; Environmental facilities; Extractive industries; Farm buildings; Flood mitigation works; Forestry; Garden centres; Group homes; Home-based child care; Home businesses; Home industries; Information and education facilities; Intensive livestock agriculture; Intensive plant agriculture; Landscaping material supplies; Open cut mining; Places of public worship; Plant nurseries; Recreation areas; Recreation facilities (indoor); Recreation facilities (outdoor); Respite day care centres; Roads; Roadside stalls; Rural industries; Rural supplies; Rural workers' dwellings; Secondary dwellings; Tourist and visitor accommodation; Veterinary hospitals; Water reticulation systems; Water storage facilities
Not Permitted (4)	Backpackers' accommodation; Hotel or motel accommodation; Livestock processing industries; Sawmill or log processing works; Serviced apartments; Stock and sale yards; Any other development not specified in item 2 or 3.

Source: HLEP 2013

Agricultural Viability of the Site

To consider the impact of the foregone opportunity to develop the Site into the permitted uses in the RU2 zone, the viability of the Site for agricultural uses has been considered.

The suitability of land for agricultural purposes is influenced by a myriad of factors – climate, topography, soil, land area, water availability, previous land uses – all which determine the potential productivity and therefore its viability for agricultural uses.

Land which does not meet the needs of certain agricultural land uses will not be utilised for that purpose. The highly competitive and global nature of the agricultural industry, coupled with the low value nature of its exports, means there is little incentive for operators to invest and improve sub-quality agricultural land. Many commercial operators will also require minimum area requirements in order to viably operate.

An independent Agricultural Viability Assessment (Edge Land Planning, 2022) has been prepared for the Site which examines its suitability for agricultural uses.

Key findings from the Agricultural Viability Assessment include:

- Hornsby Shire has an extensive rural area which had a value of \$21.7m in 2016. This placed it as number nine (in terms of economic value) in the Sydney peri-urban area.
- The size of the Site is a major constraint to its use as agricultural because at ~3,500sqm, it severely limits the potential of the land to be used for productive agriculture. The only options are intensive plant growing which includes protected cropping and nurseries. Due to the small size of the Site, protected cropping is the only agricultural use that would likely be commercially viable.
- A minimum size for a greenhouse is 2,000sqm. In addition to the greenhouse, there is a need for a packing shed and cool room, office, staff amenities and parking as well as truck parking and manoeuvring. It is not considered that there is sufficient room on the Site for the greenhouse and the associated infrastructure.
- The Site has a fall of approximately 6m from the road frontage to the rear of the lots. A greenhouse requires a flat site and so there would be a need for a significant amount of cut and fill to provide a sufficiently flat area for the greenhouse and associated infrastructure. Having regard to the size of the retaining wall required, it is only a marginal proposition. Additionally, the cost of the earthworks and associated drainage would be significant.

- The nature of the surrounding land uses (residential, commercial and retail) is unlikely to be compatible with protected cropping. Greenhouses can often generate noise and odours are often cause land use conflicts without appropriate buffers (which the Site does not enjoy).
- The underlying soil landscape of the Site is Glenorie. This soil has low to moderate fertility however, due to the size of the site, soil-based agriculture is not possible.

Overall, the Agricultural Viability Assessment concluded the only type of agriculture that could be utilised on the Site is protected cropping. Protected cropping would likely be unviable given the small size of the Site, its slope, upfront capital costs and proximity to neighbouring sensitive land uses.

Impact of the Proposal

The suitability of land for agricultural purposes is intrinsically linked to the potential output that could be derived from its use. A multitude of factors therefore influence agricultural viability, particularly soil quality and land area.

The Agricultural Viability Assessment concluded the Site is not a viable agricultural development opportunity.

Furthermore, the existing use of the Site for residential uses has shifted its underlying property value. Based on existing house values across Dural, it is unlikely that the 'highest and best use' of the Site would shift from its existing use (i.e. detached dwellings) to an agricultural or rural land use permitted in the RU2 zone.

Accordingly, the impact of the Proposal as a result of foregone opportunity to develop the Site as per permitted uses in the RU2 zone is considered to be negligible given the unlikelihood of the Site being developed for these uses.

4.3 Economic Justification for the Proposal

The economic impacts of the Proposal are found to be significant. The future development of the Site for a health services facility is expected to generate an additional \$21.5 million in annual GRP for the Hornsby Shire LGA and support ~135 additional on-site jobs.

The Proposal Case is estimated to result in the following economic impacts during the Construction Phase:

- **\$34.8 million** in output (\$22.1 million directly).
- **\$11.8 million** contribution to GRP (\$5.5 million direct contribution).
- **\$6.2 million** in wages and salaries paid to local workers (\$3.0 million directly).
- **75 FTE jobs** (38 direct FTE).

Following construction, the Proposal Case is estimated to support the following net annual economic activity through direct and flow-on impacts:

- **\$34.7 million** additional in output (including \$20.6 million in direct activity).
- **\$21.5 million** additional in contribution to GRP (including \$13.4 million in direct activity).
- **\$14.2 million additional in incomes and salaries** paid to households (including \$10.5 million directly).
- **180 additional FTE jobs** (including 135 additional FTE jobs directly related to activity on the Site).

The Proposal is anticipated to positively impact the Round Corner Town Centre with additional medical facilities to derive synergistic benefits with existing residential aged care and medical occupiers and contribute to the trade catchment of the centre through increased visitation and employment.

The impact of the Proposal as a result of foregone opportunity to develop the Site as per permitted uses in the RU2 zone is considered to be negligible given the unlikelihood of the Site being developed for agricultural or rural purposes.

Overall, the economic impacts estimated in this chapter demonstrate the Proposal has economic merit, having the ability to contribute immediately to the Hornsby Shire local economy.

5. Strategic Justification

This Chapter considers the strategic justification of the Proposal and how it responds and/or aligns with Hornsby Shire's strategic planning, land use and economic strategies.

5.1 Strategic Planning Policy

5.1.1 Hornsby Local Strategic Planning Statement (2020)

The Hornsby Local Strategic Planning Statement (LSPS) outlines a 20-year vision for the Hornsby Shire LGA. It is the local planning policy linking the North District Plan's objectives and actions with the Hornsby Shire LGA and includes a set of planning priorities and actions organised into the themes of the North District Plan.

The priorities and actions of direct relevance to the strategic justification of the Proposal are identified under the themes of 'Sustainable' and 'Productive' and include:

- **Sustainable Priority 8 (SP8):** Maintaining and enhancing the environmental, economic and scenic values of the Metropolitan Rural Areas of Hornsby.
- **Productive Priority 3 (PP3):** Focussing economic development in and around existing centres and employment precincts in the Shire, with a key focus on the strategic centre.
- **Productive Priority 5 (PP5):** Prioritising local employment opportunities, and improvements to services, amenities, and infrastructure to support the future population.

These priorities and their relevance are briefly discussed in turn.

Sustainable Priority 8 (SP8)

The Metropolitan Rural Area (MRA) is a corridor of peri-urban, rural and agricultural land which runs north to south along Greater Sydney's existing urban footprint. Hornsby Shire's Rural and Environmental zones form part of the MRA, including the Site which is currently zoned RU2 Rural Landscape (though occupied by detached dwellings).

SP8 seeks to ensure that Hornsby Shire's MRA is enhanced and maintained. Aligning with the North District Plan, development is intended to be limited to instances where environmental, social and economic values are enhanced.

Hornsby's MRA generally comprises a mix of productive agricultural land, extractive industries, rural residential development, rural villages, scenic rural landscapes, native vegetation and biodiversity corridors.

The Site is disconnected from the economically productive rural and agricultural uses observed elsewhere in the Hornsby MRA, with surrounding land uses distinctly urban in nature. Medium and low-density housing immediately borders the Site, with commercial and retail uses observed in the Round Corner Town Centre immediately north and the recently completed Thompson Health Care Dural House residential aged care facility to the immediate east.

A key action of SP8 is to finalise the Hornsby Rural Lands Study (SA11). The draft Rural Lands Study (2020) and its recommendations are discussed later in this Chapter.

Productive Priority 3 (PP3)

The objective of PP3 is to generally focus economic activity in and around existing centres and employment precincts, particularly in the Shire's main strategic centre of Hornsby.

Beyond ensuring that the usage of existing infrastructure is maximised, this objective of focusing activity intends to respond to the relatively low levels of self-containment across the Shire. Around 70% of Hornsby's resident workforce is employed outside of the Shire. This contributes to lengthy commute times for residents, impacting work-life balance. Opportunities for residents to both live and work locally are to be generally encouraged.

Health uses are identified as being ideally located in the Hornsby Town Centre to maximise agglomeration benefits with Hornsby Ku-ring-gai Hospital. That said, local health services are intended to be provided alongside future areas of

population growth. Private health services also provide services to a different customer cohort than those serviced by Hornsby Ku-ring-gai Hospital.

A key action of PP3 is to finalise the Hornsby Employment Land Study (PA3). The Employment Lands Study and its recommendations are discussed later in this Chapter.

Productive Priority 5 (PP5)

PP5 seeks to prioritising local employment opportunities, and improvements to services, amenities, and infrastructure to support the future population. Similar to PP3, this objective directly responds to the Shire's relatively low level of self-containment and looks to provide more opportunities for local residents to also work locally.

A key action of PP3 is to finalise the Economic Development and Tourism Strategy (PA4). The Economic Development and Tourism Strategy and its recommendations are discussed later in this Chapter.

Alignment with the Proposal

The Site's characteristics and existing residential uses are the primary barriers to the objectives identified for Hornsby Shire's MRA as identified in SP8. Uses permitted in the RU2 Rural Landscape zone are not generally suited to the Site (as demonstrated in the Agricultural Viability Assessment).

The Proposal does however provide an opportunity to meet the objectives of both PP3 and PP5 by facilitating the development of health uses proximate an existing town centre, providing essential services to local residents along with local employment opportunities.

Table 5.1 summarises how the Proposal aligns with the relevant priorities of the Hornsby LSPS.

Table 5.1: Alignment of Proposal with Relevant Priorities of Hornsby LSPS

Priority	Relevant Actions	Alignment with Proposal
SP8: Maintaining and enhancing the environmental, economic and scenic values of the MRAs of Hornsby.	SA11. Finalise the Rural Lands Study.	<p>The Site is unlikely to be used for alternate uses permitted in the RU2 Rural Landscape zone given its inherent characteristics and existing use.</p> <p>The Site is already disconnected from the surrounding Hornsby Shire MRA, with medium and low-density housing and commercial uses located immediately north, east and west with the Round Corner Town Centre retail precinct immediately north. The context of the Site is set to further change moving forward with the development of the Round Corner Town Centre Expansion Site immediately opposite to the west and the DA approved Maronite Catholic Church along Old Northern Road to the south.</p> <p>The Proposal would enhance the economic value of the MRA, with economic modelling suggesting it could contribute \$21.5 million in annual GRP to the local Hornsby Shire economy. Importantly, the Proposal would not detract from the economic value of the MRA as it is not currently utilised or considered viable for agricultural purposes.</p>
PP3: Focussing economic development in and around existing centres and employment precincts in the Shire, with a key focus on the strategic centre.	PA3. Finalise Employment Land Use Study and outline actions for a delivery program.	<p>Economic modelling identified that the Proposal has the potential to support up to 180 additional FTE jobs (including 135 additional FTE jobs directly related to activity on the Site). These would primarily be in the Health Care and Social Assistance sector, the major employing industry of Hornsby Shire residents.</p> <p>Accordingly, the Proposal would meet the objectives of both PP3 and PP5 through providing more local employment opportunities for Hornsby Shire residents and providing essential services in an area anticipated to record strong population growth in the coming decades.</p>
PP5: Prioritising local employment opportunities, and improvements to services, amenities, and infrastructure to support the future population.	PA4. Finalise Economic Development & Tourism Strategy and outline actions for a delivery program.	

Source: Atlas Economics

5.1.2 The Hills Shire Local Strategic Planning Statement (2019)

Similar to the Hornsby LSPS, The Hills Shire LSPS provides a 20-year framework for The Hills Shire LGA and links the priorities, strategies and actions of the Central City District Plan with the local planning framework. The Hills Shire LSPS includes a set of planning priorities and actions which are organised into the themes of the Central City District Plan.

The priorities and actions of direct relevance to the strategic justification of the Proposal are identified under the themes of 'Sustainable' and 'Productive' and include:

- **Planning Priority 1 (PP1):** Plan for sufficient jobs, targeted to suit the skills of the workforce.
- **Planning Priority 10 (PP10):** Provide social infrastructure and retail services to meet residents' needs.
- **Planning Priority 16 (PP16):** Manage and protect the rural/urban interface.

These priorities and their relevance are briefly discussed in turn.

Planning Priority 1 (PP1)

The objective of PP1 is to ensure that employment and population growth in The Hills Shire grows at a commensurate rate. By 2036, it is estimated that The Hills Shire will require an additional 50,000 jobs to provide the same level of local employment opportunities to future residents as exist today.

Furthermore, PP1 recognises that The Hills Shire residents are highly educated, skilled and paid. The mix of local jobs does not match residents' employment needs and providing for more high skilled employment opportunities within The Hill Shire should be encouraged. Health is identified as a key target industry which should be encouraged and attracted.

Providing for more high skilled employment opportunities will also allow The Hills Shire to achieve the vision of Greater Sydney and a '30-minute city'.

Planning Priority 10 (PP10)

PP10 seeks to ensure that an adequate quantum and mix of social infrastructure and retail services is provided throughout The Hills Shire in order to meet the different needs of its growing resident population.

Centres are a critical in the provision of a mix of goods and services. Higher order centres, such as Strategic Centres and Town Centres, will play the greatest role in accommodating this mix of amenity and services.

PP10 details a centre hierarchy which outlines the future role of The Hills Shire network of centre and villages. Round Corner is identified as one of The Hills Shire's seven Town Centres and the largest centre within the Shire's MRA.

Planning Priority 16 (PP16)

Like the Hornsby Shire, The Hills Shire's Rural and Environmental zones form part of the MRA. PP16 seeks to ensure that the interface between the MRA and urban areas is appropriately managed and protected.

As previously identified, the Site is disconnected from the economically productive rural and agricultural uses observed elsewhere in The Hills Shire MRA, with surrounding land uses distinctly urban in nature. The approved 'Skyline Dural' development directly opposite the Site on the Round Corner Town Centre Expansion Site will further contribute to this disconnection with the surrounding MRA.

Alignment with the Proposal

The Proposal provides an opportunity to meet the objectives of both PP1 and PP10 by providing local employment opportunities in one of The Hills Shire's key target sectors (i.e. health) on the eastern boundary of an established Town Centre. The Proposal will provide highly valuable services in an area which is undergoing a major transformation with recently completed residential aged care facilities and proposed mixed use development at the Round Corner Town Centre Expansion site (i.e. Dural Skyline) and the Maronite Catholic Church development site.

The Site's characteristics and existing residential uses are the primary barriers to the objectives identified for The Hills Shire's MRA as identified in PP16. The Agricultural Viability Assessment has demonstrated that the Site has limited value from an agricultural perspective.

5.1.3 The Hills Shire Development Control Plan

The Hills Shire DCP guides development outcomes within The Hills Shire LGA and includes a mix of objectives, outcomes, performance criteria and controls which apply 'Shire-wide' and at a 'site-specific' level.

Of relevance to the Site, Part B (Section 6) of The Hills Shire DCP specifically identifies 488-494 Old Northern Road, Dural as the 'Round Corner Town Centre Expansion Site' (the Expansion Site).

The Expansion Site is identified as an opportunity to contribute to the revitalisation of the Round Corner Town Centre and include a mix of retail, commercial and residential uses. The Expansion Site is located directly west of the Site on the northern side of Old Northern Road.

Figure 5.1 illustrates the Expansion Site and its key development principles as identified in The Hills Shire DCP.

Figure 5.1: Round Corner Town Centre Expansion Site



Source: The Hills Shire DCP

A DA for the development of the Expansion Site was recently approved. Stage 1 will comprise a 2-storey retail and commercial building featuring a new supermarket, retail specialties, commercial floorspace and a public plaza. Subsequent stages will comprise a mix of apartments and townhouses, totalling over 100 dwellings.

The development of the Expansion Site results in the southward expansion of the Round Corner Town Centre and further shifts the context of the Site towards a more urban character.

5.2 Relevant Strategic Studies

This section considers the alignment of the Proposal with several recently completed strategic studies, including the draft Hornsby Rural Lands Study, the Employment Land Study and the Economic Development and Tourism Strategy.

5.2.1 Draft Hornsby Rural Lands Study (2020)

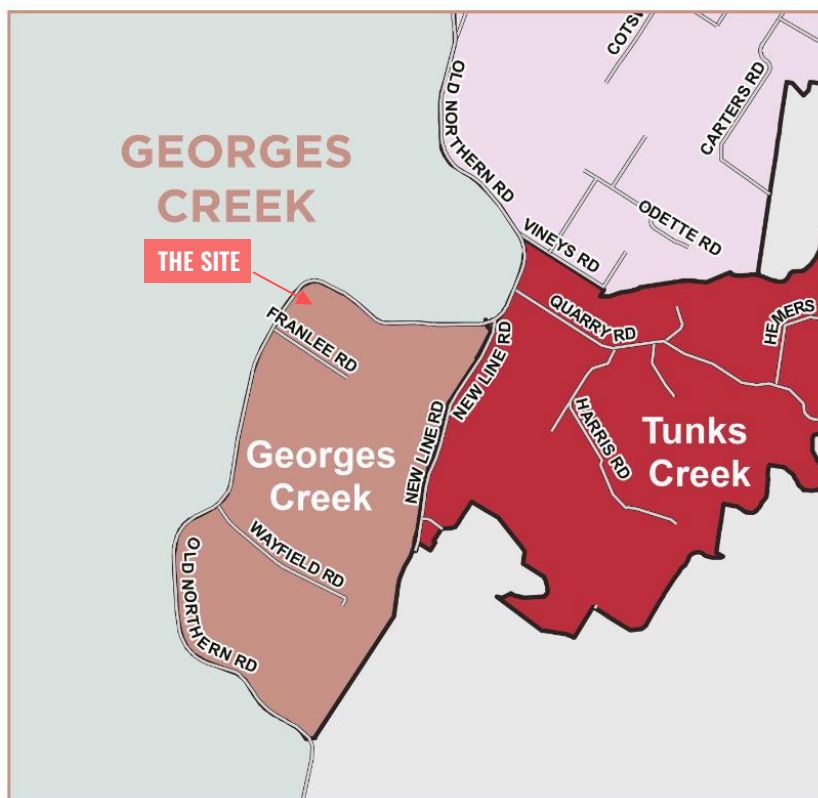
The draft Hornsby Rural Lands Study (draft RLS) provides a series of key principles and recommendations for managing Hornsby Shire's rural lands moving forward and addresses obligations for rural lands prescribed by the NSW Government. Completion of the draft RLS was a key action under the Hornsby LSPS.

The draft RLS adopted a place-based planning approach and defined the Shire's agricultural region into 13 'landscape areas' which reflected the natural characteristics and existing land uses of each area. The draft RLS further defined four 'rural villages' across the Shire's rural area, including the Dural village (zoned B1 Neighbourhood Centre) which is located 2.9km to the north of the Site.

The Site is situated within the Georges Creek rural landscape area, which encompasses the RU2 Rural Landscape zone between Old Northern Road and New Line Road. A broad mix of land uses is observed in this area, many of them 'urban' in nature, including retirement living, rural residential and urban services (garden centre, auto repairs). These activities are clustered along Old Northern Road and New Line Road.

Figure 5.2 illustrates the location of the Site in context to the Georges Creek rural landscape area.

Figure 5.2: Georges Creek Rural Landscape Area, Draft Hornsby Rural Lands Study



Source: Hornsby Shire Council (2020b)

The draft RLS provides a series of specific recommendations for the Georges Creek landscape area. Those of relevance to the Proposal are detailed in **Table 5.2**

Table 5.2: Relevant Recommendations for Georges Creek Landscape Area, Draft Rural Lands Strategy

Recommendation	Policy Implication
Collaborate with the Hills Shire Council to manage the boundary between this landscape area and urban areas to the west of Glenhaven	<p>Update the DCP to include design guidelines for retail and commercial land uses that abut Old Northern Road and New Line Road based on the preferred landscape character.</p> <p>Encourage the selection of materials that are sympathetic to the surrounding landscape, as well as design and siting that situates buildings within the landscape.</p> <p>The use of vegetation to screen buildings and soften the interface with main roads is encouraged.</p>
<p>Explore opportunities for more flexible land uses that support primary production, including agribusinesses, rural industry and tourism.</p> <p>Provide for a range of tourism-related land uses that support the ongoing viability of the agricultural industry</p>	<p>Consider the following uses (restaurant, café, function centre, artisan food and drink), which may further support the purpose of the RU2 Rural Landscape zone, provided any development to facilitate that use is in keeping with the preferred landscape character, and where a nexus can be demonstrated between the land use and primary production activities.</p> <p>Include objectives that retail and commercial land uses are to support primary production land use and must be designed and sited in line with tourism, interface and landscape principles in this Study.</p> <p>Explore options for a new clause (in the LEP or DCP) to include objectives and prescriptive measures based on establishing a nexus between non-agricultural land uses to primary production activities, using the principles for agriculture and managing interfaces from this Study.</p>

Source: Atlas Economics

The following observations are made on the capacity of the Proposal to address these recommendations:

- Appropriate urban and building design, including sympathetic building materials, landscaping and an appropriate response to the interface with Old Northern Road, could effectively manage the boundary between the Site and surrounding properties in the MRA. That said, it is highlighted that properties immediately surrounding the Site are more urban in nature and accordingly less sensitive to development as traditional rural uses.
- The Site's characteristics and existing land use mean the permitted zone uses (primary production, rural industries, agribusiness) are unlikely to be sufficiently valuable to 'displace' its current use (i.e. residential). This reflects the commercial realities of land use and the principle of highest and best use.

- The Proposal is unlikely to negatively impact the viability of surrounding agricultural uses given there are no agricultural activities undertaken in the immediate vicinity.

Whilst the Proposal does not directly align with the specific recommendations for Georges Creek as identified in the draft RLS, it is important that a logical and pragmatic approach is taken when considering the future use of the Site. Without the Proposal, it is likely that the Site will continue to be utilised for low-density residential housing. This does not align with the economic aspirations of the draft RLS or LSPS for lands in the MRA.

5.2.2 Hornsby Employment Lands Study (2020)

The Hornsby Employment Lands Study (ELS) provides a technical review and evidence base for planning and management of employment lands across the Hornsby Shire. It was a key input to the development of the Hornsby LSPS.

The ELS identifies that health services have been the key driver of economic growth in the Hornsby Shire over the past decade. This growth is anticipated to continue – a function of Hornsby's ageing population profile. In recognition of its important role, the ELS includes a variety of strategies and actions to strengthen the local health care sector. Of relevance is 'Strategy 4.4: Partnerships with the health and social services industry'.

Strategy 4.4: Partnerships with the Health and Social Services Industry

Strategy 4.4 recommends that health and social services should be clustered around Hornsby Ku-ring-gai Hospital. Given the lack of development opportunities around the hospital, Strategy 4.4 recommends the establishment of a 'Hornsby Health and Social Services Precinct'. This proposed precinct could accommodate a mix of outpatient facilities, short-term accommodation, hospital support facilities, allied health education facilities and allied health facilities.

Figure 5.3 illustrates the location of the proposed Hornsby Health and Social Services Precinct.

Figure 5.3: Proposed Hornsby Health and Social Services Precinct



Source: Hornsby Shire Council (2021)

Existing land uses within the proposed Hornsby Health and Social Services Precinct is a mix of single and double storey low density housing and medium-density, villa-style housing. Many former dwellings are being occupied for private medical uses, particularly along Palmerston Road which fronts Hornsby Ku-ring-gai Hospital.

The EDS does not comment on the commercial viability of delivering new medical suites, a health care facility or short-term accommodation uses in the proposed Precinct. The precinct itself is highly fragmented from a landownership perspective, which could prove challenging for future development.

Alignment with the Proposal

The establishment of a new health services precinct surrounding Hornsby Ku-ring-gai Hospital is considered an appropriate land use response to forecast growth in the health services sector. The economic synergies associated with clustering health care and medical uses are well-documented and understood.

It is however important to recognise that the Proposal is directly responding to demand in the central area of the Hornsby Shire LGA, particularly the Northern Catchment as defined in the HPI Study. It is important that access to health services is equitably distributed throughout the Hornsby Shire LGA so as to avoid lengthy travel times for patients in the Shire's northern suburbs around Dural. Furthermore, the Proposal can play a supportive role to recently developed residential aged care facilities and seniors housing developments in the immediate vicinity.

5.2.3 Hornsby Economic Development and Tourism Strategy 2021-2026

The Hornsby Economic Development and Tourism Strategy (the Strategy) is a high-level plan of action to support the vibrancy, diversity and sustainability of the Hornsby Shire economy. The Strategy includes a detailed analysis of the Shire's economic and employment profile.

A key finding of the Strategy was the limited local employment opportunities for the Shire's large resident workforce. The Health Care and Social Assistance sector was identified as employing more of Hornsby Shire's resident workforce than any other industry sector at 9,550 workers (or 13.5% of the total resident workforce). Approximately two thirds of these workers travel **outside** the Hornsby Shire LGA for employment. Given the size of this local workforce, this was found to be a key driver behind the Shire's relatively low level of self-containment.

Alignment with the Proposal

Increasing the number of local employment opportunities for working residents is a key goal of the Strategy. This will ensure the Hornsby Shire economy can be more sustainable and resilient. Providing more local opportunities for working residents in the health care sector is considered an appropriate strategy given its size and importance to the Shire economy.

The Proposal is expected to provide employment opportunities for some 135 additional FTE jobs. The vast majority of these are anticipated to be in the health care sector. The Proposal could therefore assist in strengthening local employment retention rates whilst also providing opportunities for residents to work close to their homes, meeting the 30-minute city objectives of the Hornsby Shire.

5.3 Strategic Justification for the Proposal

Based on a review of the Hornsby LSPS and other relevant strategic studies, the Proposal is considered to have strategic justification. This is attributed to both the Proposal itself and the inherent characteristics of the Site which do not lend itself to the likelihood of use under the current rural zone.

The following conclusions from the above analysis are considered to demonstrate how the Proposal bears strategic merit from an economic and land use perspective.

- The Site's characteristics are the primary barrier to the objectives identified for the Hornsby Shire and The Hills Shire's MRA as identified in their respective LSPS's. Without the Proposal, it is likely that the use of the Site will continue 'as is' and utilised for low-density residential housing. This would be inconsistent with the evolving street character of the Round Corner Town Centre.
- Given site characteristics and existing (valuable) residential uses, the commercial realities of land use mean that the Site is unlikely to be utilised as rural zoned lands. It is therefore important a pragmatic approach that recognises the likely future use of the Site in the context of the recommendations proposed in the draft RLS.
- The Proposal does however provide an opportunity to meet the objectives of both PP3 and PP5 of the Hornsby Shire LSPS by facilitating the development of health uses proximate an existing town centre, directly responding to projected demand for health services whilst unlocking local employment opportunities for surrounding residents. Furthermore, the Proposal responds to PP1 and PP10 of The Hills Shire LSPS by providing local employment opportunities in one of The Shire's key target sectors (i.e. health) on the eastern boundary of an established town centre.

- The surrounding context of the Site is poised to significantly shift with the development of the Round Corner Town Centre Expansion Site on the opposite side of Old Northern Road. The Proposal would complement the expansion of the town Centre and appropriate urban and building design could effectively manage the boundary between the Site and surrounding properties in the MRA, noting that the Site is not surrounded by any agricultural or rural operations.
- The establishment of a new health services precinct surrounding Hornsby Ku-ring-gai Hospital as recommended in the ELS is considered an appropriate land use response. However, the deliverability of the new precinct is yet to be examined and could arguably be challenging given the extent of fragmented land ownership.

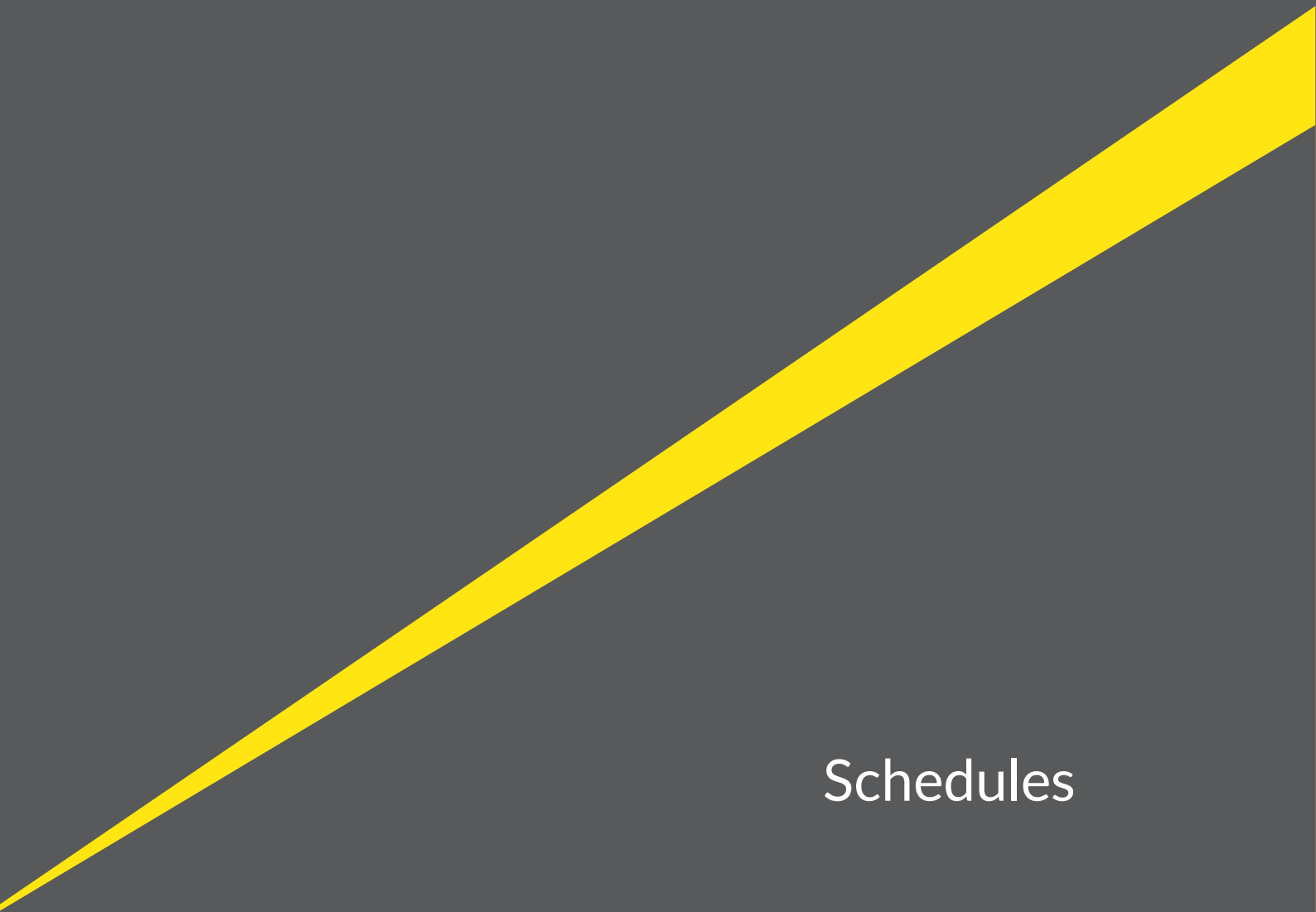
The Proposal is however directly responding to demand in the central area of the Hornsby Shire LGA. It is important that access to health services is equitably distributed throughout the Shire, particularly where new residential aged care facilities and seniors housing have been developed.

- Increasing the number of local employment opportunities for working residents is a key goal of the Strategy. The Proposal is expected to provide employment opportunities for some 135 additional FTE jobs. The Proposal could provide more opportunities for residents to work close to their homes, meeting the 30-minute city objectives of the Hornsby Shire.

Based on the foregoing analysis in this Study, it is recommended that Hornsby Shire Council support the Proposal, subject to other technical findings.

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Schedules

Input Output Modelling Methodology

Input-Output models are a method to describe and analyse forward and backward economic linkages between industries based on a matrix of monetary transactions. The model estimates how products sold (outputs) from one industry are purchased (inputs) in the production process by other industries.

The analysis of these industry linkages enables estimation of the overall economic impact within a catchment area due to a change in demand levels within a specific sector or sectors.

Impacts are traced through the economy via:

- Direct impacts, which are the first round of effects from direct operational expenditure on goods and services.
- Flow-on impacts, which comprise the second and subsequent round effects of increased purchases by suppliers in response to increased sales. Flow-on impacts can be disaggregated to:
 - Industry Support Effects (Type I) derived from open Input-Output models. Type I impacts represent the production induced support activity as a result of additional expenditure by the industry experiencing the stimulus on goods and services, and subsequent round effects of increased purchases by suppliers in response to increased sales.
 - Household Consumption Effects (Type II) derived from closed Input-Output Models. Type II impacts represent the consumption induced activity from additional household expenditure on goods and services resulting from additional wages and salaries being paid within the catchment economy.

Economic analysis considers the following four types of impacts.

Table S1-1: Economic Activity Indicators

Indicator	Description
Output	The gross value of goods and services transacted, including the cost of goods and services used in the development and provision of the final product. Care should be taken when using output as an indicator of economic activity as it counts all goods and services used in one stage of production as an input to later stages of production, thus overstating economic activity.
Gross Product	The value of output after deducting the cost of goods and services inputs in the production process. Gross product (e.g. Gross Regional Product (GRP)) defines a net contribution to economic activity.
Incomes	The wages and salaries paid to employees as a result of the Project either directly or indirectly.
Employment	Employment positions generated by the Project (either full time or part time, directly or indirectly). Employment is reported in terms of Full-time Equivalent (FTE) positions or person-years.

Source: Atlas

REGIONAL MODEL DEVELOPMENT

Multipliers used in this assessment have been created using a regionalised Input-Output model derived from the 2018-19 Australian transaction table (ABS, 2021).

Estimates of gross industry production in the catchment area were developed based on the share of employment (by place of work) of the Catchment Area within the Australian economy (ABS, 2017a) using the Flegg Location Quotient and Cross Hauling Adjusted Regionalisation Method (CHARM). See Norbert (2015) and Kronenberg (2009) for further details.

MODELLING LIMITATIONS AND ASSUMPTIONS

Input-Output modelling is subject to a number of key assumptions and limitations (ABS, 2021):

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply-side constraints. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.
- **Fixed ratios for intermediate inputs and production:** Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount;
- **No allowance for purchasers' marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these notable limitations, Input-Output techniques provide a solid approach for assessing the direct and flow on economic impacts of a project or policy that does not result in a significant change in the overall economic structure.

DRIVERS OF ECONOMIC IMPACT

In order to understand the economic impacts likely to result from the Proposal, it is necessary to distinguish economic impacts during the construction phase and those economic impacts that will be more permanent following construction completion.

- **Construction Phase:** Construction activity will draw resources from and thereby generate economic activity in the Hornsby LGA as well as from outside the LGA. Assumptions are made on the proportion sourced from within and from outside the LGA.
- **Operational Phase:**
 - **Base Case:** The site will generate ongoing activity through the local expenditure of households residing in the two residential dwellings.
 - **Proposal Case:** On completion of development, the Site is expected to generate ongoing economic/ operational activity through the direct activity generated by the hospital and retail/food and beverage operations.

Construction Phase

For modelling purposes, construction costs (including contingency) for the Proposal Case were broken down into their respective Australia and New Zealand Standard Industrial Classification (ANZSIC) industries.

The breakdowns were developed based on the following assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

Table S1-2: Proposal Case Construction Cost Allocation (including Contingency)

Input	\$M	ANZSIC
Medical	\$17.5	Non-Residential Building Construction
Retail	\$0.4	Non-Residential Building Construction
Amenities/Services	\$1.7	Non-Residential Building Construction
Basement Carparking	\$4.3	Non-Residential Building Construction
Lower Ground Car Parking	\$2.5	Non-Residential Building Construction
Site Works	\$0.4	Construction Services
Professional Fees	\$2.7	Professional, Scientific and Technical Services
Total	\$29.5	-

Source: Atlas

Of the above capital outlay, not all activity will be undertaken within the Hornsby Shire LGA economy. It was assumed:

- Approximately 75% of the direct expenditure on construction-related (i.e. Non-Residential Building Construction and Construction Services) activity would be sourced from local businesses and labour. Of this:
 - Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside the Hornsby Shire LGA would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in Hornsby LGA).
 - Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e. 5% of the Type II).

Only flow-on activity of locally sourced professional, scientific and technical services activity (75%) is included, as it is not anticipated professional, scientific and technical services businesses located outside of Hornsby Shire LGA would purchase goods/ services locally.

Operational Phase

In order to model the economic impacts, operational employment levels for the economic activity occurring in the Proposal Case were categorised into the ANZSIC industries based on the area's existing employment profile (ABS 2017a).

Employment by industry estimates were converted to a direct output value using a multiplier based on the national transaction table (ABS, 2021). The resultant estimates of output were modelled as the direct activity associated with the Proposal Case.

Table S1-3: Operational FTE Allocation of Floorspace (Proposal Case)

Work Type	GFA (sqm)	GFA (sqm) / FTE	Estimated Jobs (FTE)	Direct Output (\$M)	ANZSIC
Retail	171	20	9	\$1.2	Retail Trade (50%), Food and Beverage Services (50%)
Medical	3,814	30	127	\$19.4	Health Care Services (100%)
Amenities/Services	366	-	-	-	-
Total	4,351	34	136	\$20.7	-

Notes: Totals may not sum due to rounding.
Source: Atlas

Household Expenditure Supported

This section outlines the household expenditure that would be associated with residential dwellings as part of the Base Case, and potential economic activity supported.

The ABS Household Expenditure Survey (ABS, 2017b) was used to identify the proportion of weekly household incomes that is spent across expenditure items in the Hornsby Shire LGA. The fourth quintile of NSW residents was used to best represent the expenditure patterns of residents in the Hornsby Shire LGA.

This data was converted to 2021 values (ABS, 2021), annualised and allocated into their respective ANZSIC industries. The breakdown to ANZSIC industries was developed based on assumptions by Atlas regarding the most appropriate ANZSIC industries for each activity.

The table below shows the household expenditure estimates for the Hornsby Shire LGA under the Base Case based on two dwellings.

Table S1-4: Estimated Household Expenditure Supported, Base Case

ANZSIC	Total Spend (\$M)	% Local	Local Spend (\$M)
Ownership of Dwellings	\$0.04	50%	\$0.02
Retail Trade	\$0.04	75%	\$0.03
Food and Beverage Services	\$0.02	75%	\$0.01
Personal Services	\$0.01	75%	\$0.01
Other Services	\$0.01	75%	\$0.01
Telecommunication Services	\$0.01	25%	\$0.00
Road Transport	\$0.01	50%	\$0.01
Rail Transport	\$0.01	50%	\$0.00
Air and Space Transport	\$0.01	0%	\$0.00
Sports and Recreation	\$0.02	75%	\$0.01
Primary and Secondary Education Services	\$0.00	75%	\$0.00
Technical, Vocational and Tertiary Education Services	\$0.00	60%	\$0.00
Arts, Sports, Adult and Other Education Services	\$0.00	60%	\$0.00
Health Care Services	\$0.01	75%	\$0.01
Heritage Creative and Performing Arts	\$0.01	75%	\$0.01
Electricity Transmission, Distribution, On Selling and Electricity Market Operation	\$0.00	25%	\$0.00
Total	\$0.19	63%	\$0.12

Note: Totals may not sum due to rounding.
Source: ABS (2017b), Atlas Economics

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