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OUTCOME DRIVEN

31 October 2017

Ryan Pritchard
Camden Council

Dear Ryan,

RE: PEER REVIEW OF SOMA PRECINCT ECONOMIC ASSESSMENTS

Camden Council has received a development application for a 'SOMA Lifestyle Precinct' at Gregory Hills Corporate Park, Gregory Hills, hereafter referred to as 'the SOMA Site'. The SOMA Site falls within the Turner Road Precinct of the South West Priority Growth Area. A 3,947 sqm GLA cinema and 5,417sqm GLA hotel are sought as part of the SOMA Lifestyle Precinct.

Two economic reports have been submitted to support the proposed cinema and hotel uses. These are:

- Gregory Hills Corporate Park, Sydney Cinema Environment. This was prepared by Location IQ and dated May 2017 ('the Location IQ report'); and
- SOMA Lifestyle Precinct, Gledswood Hills Economic Assessment for Short-Term Accommodation and Other Facilities. This was prepared by MacroPlan Dimasi and dated August 2017 ('the MacroPlan report').

AEC Group (AEC) is engaged by Camden Council to carry out a peer review of the aforementioned economic reports. This peer review examines the methodological approach, assumptions and data sources used. In doing so it determines the extent to which the conclusions reached in the two reports are reasonable.

The Review also assesses the cumulative impact of the proposals on the viability of surrounding centres to fulfil obligations of s79C(1)(b) of the *Environmental Planning and Assessment Act 1979* (the EP&A Act). This states:

> "*In determining a development application, a consent authority is to take into consideration such of the following matters as are of relevance to the development the subject of the development application…*
>
> *(b) the likely impacts of that development, including environmental impacts on both the natural and built environments, and social and economic impacts in the locality.*"

The extent to which the proposals would be likely to produce an overall community detriment by adversely affecting the availability of existing or planned services or facilities in the surrounding area is therefore assessed in the context of s79C(1)(b) of the EP&A Act. Trading impacts on individual retailers are not relevant.

LOCATION IQ REPORT

Our review of the Location IQ report indicates the following:

Chapter 1: Location and Proposed Development

The locational explanation of the proposed development is thorough. The nature of the proposed development is well defined.

Chapter 2: Trade Area Analysis

The methodology for defining a trade area for a cinema at the SOMA Site is robust. The area defined, which comprises the Campbelltown, Camden and Wollondilly Shire LGAs, is reasonable.

The existing population of the trade area has been estimated using 2006 and 2011 ABS Census data and dwelling approval statistics. This is a robust methodology. Since the Location IQ report was published 2016 ABS Census estimates have been released. The following table compares the Location IQ 2016 population estimates to those derived from the published 2016 ABS Census.

Table 1. Estimated LGA Population (2016)

LGA	Location IQ Estimate	ABS	Difference
Camden	80,800	78,218	2,582
Campbelltown	158,600	157,006	1,594
Wollondilly	49,180	48,519	661
Total	**288,580**	**283,743**	**4,837**

Source: Location IQ, ABS

Table 1 finds that the Location IQ report has marginally over-estimated 2016 trade area population by approximately 4,837 people. In the context of the total trade area population of 283,743 based on the 2016 ABS Census, this equates only to a marginal over-estimate of 1.7%.

Population projections have been estimated using Department of Planning and Environment (DP&E) forecasts. These are taken to be accurate.

The socio-economic characteristics of the trade area have been profiled using 2011 ABS Census data. The 2016 ABS Census data broadly aligns with the trends identified in the Location IQ report, with the trade area having a comparable younger, family-based population compared to the State and national average.

Chapter 3: Competitive Cinema Environment

The Location IQ report successfully captures existing cinema screens within the trade area. It does not acknowledge the planned Turner Road Entertainment Precinct located approximately 2km north east of the SOMA Site. The Turner Road Precinct Development Control Plan (DP&E, November 2016) identifies this area as being a future entertainment precinct which is to "…provide a range of entertainment, leisure and accommodation functions and local retail facilities." It could include a cinema this is not explicitly defined in the DCP.

The Location IQ report accurately notes that not all national cinema operators are represented in the trade area. This in itself is not justification for further provision though. It is unreasonable to expect all operators to be located in all areas, although the more operators that residents have access to, the greater the prospects for competition which is a consumer benefit.

Data from Screen Australia has been used to assess benchmark demand for screens per 100,000 people. The Location IQ report applies the national benchmark of 8.8 screens per person to calculate demand, higher than the 8.2 screens per person provided in NSW/ACT. Demographic or other conditions in NSW/ACT could mean that residents have a lower propensity to frequent the cinema. Applying the NSW/ ACT may therefore be more appropriate.

By applying the Australian benchmark to the estimated trade area population in 2016, an undersupply of 3 screens is derived in the Location IQ report.

Future demand is assessed by applying the 2016 benchmark to forecast population growth in the trade area over the period to 2031. This is likely to over-estimate future demand. Cinema patronage is under-pressure as on-demand services like Netflix offer cheaper, more accessible alternatives. Competitive conditions are reflected in the pace of new screen growth. Between 2012 and 2016 number of screens grew by 6.5% according to Screen Australia. Over the same period Australia's population grew by 7.1%. It is expected that the rate of population growth will continue to outpace new screen provision.

Australian cinemas have been raising ticket prices to protect revenues in the face of more competitive conditions. The average ticket price rose by 31% over the 10 years to 2016. Screens are concentrating on fewer, larger locations which can provide a more comprehensive entertainment offer as well as new screen formats, such as digital screens. We expect these trends to continue going forward, resulting in falling per person demand for cinema screens over the next 15 years. Applying a reducing benchmark for cinema screens when estimating future demand would be prudent.

In conclusion, we suggest the demand for cinema screens estimated in the Location IQ report is optimistic due to:

- The marginal over-estimate of 2016 trade area population.

- The application of the national cinema benchmark rather than the NSW/ACT benchmark which is lower.
- Expected decreasing cinema patronage over the next 15 years.

Notwithstanding the above, we agree with the broad findings of the Location IQ report in terms of a growing demand for cinema facilities in this area due to population expansion which warrants further provision.

MACROPLAN REPORT

Our peer review of the MacroPlan report indicates the following:

Section 1: Regional & Planning Context

The locational and site context is appropriately defined.

The planning overview correctly notes that the proposed uses are permissible under the existing B5 Business Development land use zoning. Competition on other individual traders within a defined centre is rightly stated as being irrelevant for planning purposes.

We concur that the proposed uses are not primary retail or office functions and are not necessarily an essential ingredient of a successful town centre. That said, the objectives of the B5 land use zone need further recognition. Appendix 1 of State Environmental Planning Policy (Sydney Region Growth Centres) 2006 states that the objectives of Zone B5 in the Oran Park and Turner Road Precinct Plan are [emphasis added]:

> *"To enable a mix of business and warehouse uses and specialised retail uses that require a large floor area, **in locations** that are close to, and **that support the viability of, centres**.*
>
> *To provide for a wide range of employment generating development.*
>
> *To provide for a mix of ancillary uses to support the primary function of providing employment generating development.*
>
> *To maintain the economic strength of centres by limiting the retailing of food, clothing and convenience shopping.*
>
> *To provide for a range of uses, including recreational uses and function centres that complement other permissible employment generating land uses within the zone."*

Development within the B5 zone should support the viability of existing or planned centres. This is consistent with the centres-approach to planning which seeks to concentrate activity which attracts a large number of people on accessible centres.

If the proposed development were delivered at the expense of investment which may otherwise be directed to a defined centre, it would be contrary to the zoning objectives by detracting from, rather than complementing, the viability of centres. Appraising the proposed development in this way is also consistent which s79C(1)(b) of the EP&A Act which requires that social and economic impacts are considered.

Whilst cinema and short-term accommodation (STA) uses are not essential for town centres, their provision does support centre viability. They create greater potential for linked trips between retail uses and entertainment uses and in doing so lower the need for residents to undertake multiple trips to different locations to fulfil their needs. Such uses generate additional expenditure to support other retail and service uses in the centre. They create more jobs. They make the centre a more attractive place to work or shop. Diverting this investment away from centres is, therefore, a community dis-benefit. Impact on the overall viability of centres is an essential consideration in determine whether this proposal is permissible.

We agree with the MacroPlan report that the market is best placed to determine demand for development. However it is the role of planning is to regulate its scale and location. Therefore despite the proposed uses being permissible within the B5 zone, it is still necessary to assess impact in order to judge if the location is suitable. Permissibility in itself does not automatically assume a favourable planning consent should be granted.

Section 2: Short-Term Accommodation

The catchment area defined for STA in which existing and planned provision is assessed comprises Camden, Campbelltown and Liverpool LGAs which is reasonable.

The MacroPlan report notes that many STA facilities are located outside of centres within the catchment. Whilst this is true, it may often be a result of commercial viability rationale rather than planning rationale. We accept that suburban hotel sites are more feasible due to lower land cost but this is not a reasonable argument justifying an out-of-centre over an in-centre sites. It may be that some STA should be located out-of-centre if it cates for a target customer base that can only be met there, for example if it is serving a major transport hub or sporting arena that may not have a centre land use zoning. An in-centre location remains optimum for planning purposes in accordance with the centres-hierarchy approach.

The MacroPlan report provides a thorough assessment of existing and planned STA facilities in the catchment area. The availability of Airbnb STA is not considered. This type of accommodation provides a direct competitor to traditional STA formats.

The MacroPlan report rightly notes that it is beneficial for a range of STA choices to be provided in different locations. Hotels in the catchment area are the most dominant form of provision. Providing more serviced-accommodation-type uses rather than hotels would offer more diversity of choice, however hotels remain the dominant form of STA and it is for the market to determine the nature of STA in this area.

The MacroPlan report utilises ABS data to examine STA room occupancy rates and revenues. This data demonstrates strong demand growth, however the analysis is based on short-term trends of under 2 years. A longer analysis period is required to draw more robust conclusions. It may be that short-term drivers, such as increased construction in the area, have supported a boost to STA demand over this period which may be atypical of longer-term demand.

The composition of STA demand has been analysed using Tourism Research Australia (TRA) data which shows visitation growth has been occurring. This is assessed over a 10-year period. Analysis of ABS data demonstrates economic growth has been occurring in the catchment area, particularly in construction-related activity.

The MacroPlan report assumes that demand for STA will grow by 5 to 10% per annum over the next 10 years. This growth rate has been applied to existing room occupancy to assess future demand for STA rooms. This leads to their findings that by 2016 there will be capacity for an additional 9-10 hotels with 100 rooms each in the catchment.

The calculations which have informed the assessment are not clear. Whilst the methodology is outlined, the steps in the process which results in the demand conclusions are not laid out. Presenting the methodology and calculations in a step-by-step process would bring greater clarity to the process and assumptions that have been applied. Presenting the data in table rather than a graph format would facilitate more thorough interrogation.

Overall we agree that demand for STA will increase in the future. However, in our view future demand has been over-estimated because:

- It is not clear that the hotel developments in the pipeline which are referenced in the 'Proposed Short Term Accommodation Developments' table in the MacroPlan report been deducted from demand growth to derived net demand.
- The provision of Airbnb STA has not been acknowledged. Airbnb provision is likely to accommodate some of this future demand, thereby lowering the mismatch between demand and supply. It can more readily expand to meet growing demand as there are fewer impediments to new delivery compared to more traditional STA. It is also growing in popularity as a type of STA.
- Construction activity related to the development of the South West Priority Growth Area is likely to have boosted STA demand over the last few years. Whilst this demand can reasonably be expected to endure, it may be that past demand growth over the last 2 years is higher than the rate of growth which can be expected in the future. Analysis of how occupancy rates and revenue have changed over a longer time period would help support the validation of the growth rates applied.

- Development of STA on sites within the South West Priority Growth Area is will cater for some emerging demand. The extent to which provision has been made within this area for STA to meet future demand would be helpful in judging the likely extent of any shortfall.

The MacroPlan report estimates that demand growth for STA rooms in the catchment will be equivalent to 300,000 to 350,000 additional nights by 2026. To put this into perspective, the MacroPlan report indicates that, based on TRA data, total overnight stays in the South West Sydney region equalled approximately 690,000 overnight trips in 2016. This includes overnight stays at both commercial premises like hotels, motels, serviced apartments and Airbnb, as well as domestic places of residence, i.e. visitors staying with friends and relatives. The MacroPlan report's growth forecasts thus suggest that demand for paid accommodation will grow by between 43% and 51% of total demand (paid and non-paid) accommodation over the next 10 years. This seems bullish.

Justification of the 5% and 10% growth rates is not provided. Granted this is lower than the occupancy growth rate recorded over the last 2 years, but we believe this is period is atypical of the future growth trajectory anyway. Further analysis of historic demand growth relative to employment/ population growth over would help to support the projections applied. More thorough analysis of projected demand compared to planned provision, both in the pipeline and through land use zonings/ DCPs in the South West Priority Growth Area, would be advantageous to determining net demand.

Section 3: STA & Medical Precinct Co-Location Benefits

The MacroPlan report argues the benefits of co-locating STA in close to medical uses. A number of case studies are provided which show examples of STA being delivered adjacent to medical facilities. We agree with the principle of this analysis.

A major source of demand for the proposed STA would be the adjacent medical facilities. This will be a large private hospital providing close to 500 beds. Provision of STA on the SOMA Site would complement this medical precinct and provide supportive facilities which would aid its ongoing function. Co-location would provide a number of community benefits which would not be realised if the STA were provided elsewhere, such as lowering the need for guests to travel and facilitating closer connectivity between patients and their visiting friends and family and visiting workers with their place of employment.

Section 4: Transport Infrastructure Investment

The MacroPlan report highlights the high number of transport infrastructure projects being delivered in South West Region. This ongoing investment may provide a short-term boost to localised demand for STA, and indeed in our view may have already done so given the rate of room occupancy growth outlined previously.

In the medium and long-term though, dedicated facilities including STA are likely to be developed in locations more proximate and better aligned to these investments than the SOMA Site. Therefore, beyond supporting the investment case for South West Sydney as a whole, we do not believe that these infrastructure projects materially strengthen the economic justification of the proposed development.

Section 5: Cinema Considerations

The MacroPlan report summarises the Location IQ report which we have peer reviewed above. The B4 Mixed Use zoning at Gledswood Hills (the Turner Road Entertainment Precinct) is acknowledged, although this is assumed to be developed as a "club-based tourism zone", a product would be distinct from the SOMA Site and is not expected to provide a cinema. It is thus argued that the existence of the Turner Road Entertainment Precinct is not relevant to determination of the proposal.

Our review of the Turner Road Growth Centre Precinct Development Control Plan (DP&E, November 2016) and the proposed amendments finds no reference to the development of this area for a club-based tourism zone. Camden Valley Country Club is the current prevailing use in the area. This was originally proposed to be demolished as part of the area's development but we now understand that it will be retained.

There is a planning proposal to amend the Turner Road DCP in respect of the Turner Road Entertainment Precinct. The DCP had originally envisaged development of a golf course and demolition of the Camden Valley Country Club, with the vision for the Entertainment Precinct to complement the proposed golf course and included smaller boutique shops and visitor accommodation.

Following the deletion of the golf course from development plans, the vision for the Entertainment Precinct has been revised by the proponent and is proposed to be realised through proposed amendments to the DCP. The key elements of the vision (extracted from Council Resolution) are:

- Creation of a 'high street' along The Hermitage Way which will provide a range of retail, commercial, residential and entertainment-based uses.
- An outdoor central plaza/village square to create opportunities for outdoor dining, play areas and performance spaces, which will be privately owned and maintained by the proponent.
- The provision of the majority of car parking as basement or undercroft car parking.
- A walkable neighbourhood centre with connectivity to the surrounding development and open space areas.

The DCP amendment seeks to amend the preferred land uses by zone, as shown below.

Table 2. Preferred Land Uses in Entertainment Precinct

Zone (Landowner)	Preferred Uses (existing DCP)	Preferred Uses (draft DCP)
1 (Sekisui House)	Car park, club, community use building, mixed use development, office premises, retail premises, tourist accommodation, residential flat building	Residential
2 (Sekisui House)	Car park, hotel, mixed use development, office premises, retail premises, tourist accommodation	Mixed use development which includes entertainment, community, commercial, retail and residential
3 (Narellan Property Holdings/Sekisui House)	Multi-dwelling housing, residential flat building	Club, mixed use development which includes retail (GLAR of 350sqm for shops on Lot DP 1215911), commercial (i.e. business premises) and residential (including seniors housing)
4 (Sekisui House)	Multi-dwelling housing, residential flat building	Mixed use development which includes retail, commercial and residential

Source: Camden Council

Council has resolved to endorse the draft DCP and proceed to exhibition.

Despite the proposed amendments to the DCP, entertainment, commercial and retail uses within the Entertainment Precinct are still planned in accordance with the aspiration of the entertainment precinct to "…provide a range of entertainment, leisure and accommodation functions and local retail facilities." (Turner Road Growth Centre Precincts DCP, Page 18). A cinema would be well aligned to the precinct although not specifically mentioned.

Our analysis of the Location IQ report indicates that cinema demand was likely to be marginally over-estimated. Demand was also calculated over a large trade area comprising the Campbelltown, Camden and Wollondilly LGAs. Whilst this trade area is justifiable for the purposes of assessing demand, demand for cinema facilities will be spread within the entirety of the area. In our view, it is unlikely that a cinema on the SOMA Site and one located in the Turner Road Entertainment Precinct would both be viable. It is likely to be one or the other because cinemas rely on large catchment areas and are visited relatively infrequently by households. Therefore, the delivery of a facility on the SOMA Site would likely be at the expense of one at Turner Road.

The B4 Mixed Use zoning which applies to the Turner Road Entertainment Precinct is a strategic centre zone. Commercial development in it should therefore take priority over comparable investment in B5 land, given that the primary objective B5 land is to support investment which cannot be facilitated within defined centres. If the Entertainment Precinct was already anchored by a cinema, a proposed cinema at the SOMA Site could detract from the function and viability of the centre. In so doing it would be contrary to the centres hierarchy and the objectives of the B5 land use zone.

A cinema is not essential to the viability of the Entertainment Precinct. There are other uses which could be provided for to anchor the centre. Key to the issue of appropriateness is if a cinema anchor is key to the vision for the Entertainment Precinct. In the absence of a vision or demonstrated planning for an anchor cinema, it would be preferable to provide for a cinema at the SOMA Site.

Section 6: Conclusion

In concluding, the MacroPlan report suggests that:

- There is capacity for additional STA facilities within the South West Region due to growing demand equivalent to 9-10 new hotels in the 10 years to 2026.
- STA is an important component of economic growth and Camden will miss out if new facilities are not provided.
- STA on the SOMA Site would have a very limited impact on the Camden town centre or other local centres.
- There is additional cinema capacity within the locality due to its growing population.
- Cinema provision on the SOMA Site would not have a materially impact on the function or viability of any existing or planned town centre.
- The proposed uses are permissible in the B5 land use zone and there should be a presumption in favour of development.
- The cumulative economic impact of a cinema and STA at the SOMA Site would be positive given its contribution towards meeting demand.
- Cinema and STA facilities are not an essential part of town centre uses and they are viable in out-of-centre locations.

Our conclusion based on this peer review is that:

- The proposed use is permissible under the existing B5 land use zoning subject to accordance with the aims and objectives of the zone. Permissibility in itself does not equate to an automatic presumption in favour of development. Of critical importance to determination of this proposal is whether the development would support the viability of existing or planned centres.
- The viability of STA and cinema uses in out-of-centre locations is not a material planning consideration.
- The MacroPlan report's STA growth forecasts appear strong. It calculates a demand uplift for paid STA of between 43% and 51% of total demand (both paid and non-paid) for STA in 2016. Demand for STA uses is likely to be over-estimated due to:
  - Account of STA in the planned pipeline not appearing to be considered in estimating net future demand.
  - The provision of Airbnb STA not recognised. Airbnb is better able to respond to demand increases compared to traditional STA models and its existence will lower the extent of any future demand gap.
  - STA demand over the last few years is likely to have been boosted by the high level of recent construction activity. Whilst this demand will remain going forward, it may be unlikely that the strong growth rates witnessed in the last 2 years will continue.
  - Consideration of the extent to which STA uses have been planned for within the South West Growth Priority area and thus the extent of any additional net demand not having been made.
- There is merit in an STA facility being provided in close proximity to the medical precinct which will provide a private hospital and a children's hospital with nearly 500 beds in total. It would directly serve demand emanating it.
- Demand for STA and cinema provision in the locality will grow with population expansion. Though much of this demand will be captured by facilities provided for in land use zonings in the South West Growth Priority Area.

We therefore agree that demand for STA is increasing and the provision of STA on the SOMA Site would support the adjacent medical precinct, would not materially impact nearby centres and is justifiable. We disagree that it has been sufficiently demonstrated that the Entertainment Precinct will not accommodate a cinema.

In any case, demand is not a material consideration for planning purposes. Rather it is the impact on existing or planned centres that is the pertinent matter, although a lack of demand will exacerbate any adverse impacts. We do not consider the MacroPlan report has properly examined the impacts on existing and planned centres in the area around the SOMA precinct. An assessment of impacts is required in order to determine whether this proposal is permissible under the existing zoning.

IMPACT ASSESSMENT

For the proposed development to be permissible an impact assessment to consider impacts on the function or viability existing or planned centres from a community perspective is required (consistent with the B5 zone objectives and s79C(b)(1) of the EP&A Act. Competitive impacts on individual occupiers are not relevant.

Of relevance for this proposal is whether the cinema and STA on the SOMA Site would be at the expense of investment which would otherwise be directed towards an existing or planned centre. If it were, the development would be acting contrary to the defined centres hierarchy and, in doing so, contravene planning policy. In doing so it would also be contrary to the community interest.

As has been recognised previously, cinema and STA uses are not an essential part of centres. They are however a suitable centre use which complements the overall function and viability of centres by sustaining greater footfall, creating new sources of expenditure, increasing centre appeal to visitors and workers, encouraging public transport use and so on. The first priority for accommodating these uses should be appropriate centres.

Cinemas and STA both attract relatively high numbers of trips. Customers visit cinemas relatively infrequently - Screen Australia data shows that admissions per capita were 3.8 in 2016. This means that cinemas rely on a large catchment area from which to draw trade. They are most appropriately located where they are easily accessible to a large number of people. This means large centres and, in some cases, out-of-centre entertainment precincts rather than small local or neighbourhood centres.

STA does not depend on localised demand from residents. Instead they cater for demand emanating from specific local assets (e.g. a transport hub, sports arena, business park) or general tourist or business visitation demand. They are also most suited to larger centres which can capture associated trade from visitors and service their specific needs for access to supportive retail and services. However, appropriate locations are more flexible compared to cinemas depending on the target market for the STA. This is why a variety of STA facilities are found in a range of different locations within the catchment area.

Analysis of the centres hierarchy in the area around the SOMA Site indicate the following centres:

- Gregory Hills Neighbourhood Centre - a planned centre 800m to the south-east of the SOMA Site.
- Turner Road Entertainment Precinct - a planned centre 2km to the north-east of the SOMA Site.
- Narellan Town Centre - an existing sub-regional shopping situated 3km south-west of the SOMA Site.

The potential impact of the cinema and STA uses proposed at the SOMA Site on each of these centres (existing and planned), from a community perspective, is considered below.

Gregory Hills Neighbourhood Centre

Gregory Hills will be a neighbourhood centre of up to 15,000sqm retail gross lettable area (GLAR) on 4.5ha of land. Its purpose is to serve the daily and weekly shopping needs of households in the Turner Road precinct. Uses envisaged in the centre include a supermarket, food and non-food specialty shops, restaurants, cafes, a GP surgery, a public park and a primary school. Shop-top residential uses may also be provided.

Inspection of the masterplan for Gregory Hills, publicised alongside the lot size plan which is currently being marketed, indicates that land for the future neighbourhood centre has been fully allocated. The range of uses proposed in the masterplan are well suited to the role and function of this centre.

Given that a cinema relies on a large catchment area, it would be more appropriate in a bigger centre with a more extensive trade area rather than a centre serving predominately local need. In the absence of the SOMA proposal it is not expected that a cinema would be delivered within this neighbourhood centre which plays a local role.

STA is an appropriate use within this centre. Given that the primary objective of the STA proposed on the SOMA Site is to serve demand emanating from the adjacent medical precinct, it would be lesser able to serve this demand if it were located in Gregory Hills neighbourhood centre. The centre still stands to gain benefits from the STA on the SOMA Site given that no sizeable ancillary retail and service uses are proposed on SOMA Site. As such, we believe that the SOMA Site proposal would contribute to the function and vitality of this centre.

Turner Road Entertainment Precinct

The objective of the Turner Road Entertainment Precinct is currently to provide for a range of entertainment, leisure, accommodation functions and local retail facilities. The maximum GLAR is restricted to 3,500sqm of shops with no individual tenancy to be more than 500sqm RGLA.

Council is supportive of proposed DCP amendments and has resolved for the proposed DCP to be placed on public exhibition. The proposal would amend floorspace controls to allow the development of a small supermarket to service localised need. An amended configuration of the 4 development lots is also sought together with their phasing and future use. These amendments are required largely to reflect changes in the original vision for the Entertainment Precinct. A small shopping centre focused on an outdoor square is now envisaged for this area.

The proposed changes, which have now been endorsed by Council, remove specific reference to tourist accommodation affiliated with the golf course. Mixed use development including entertainment, community, commercial and retail uses will still be incorporated across the majority of the precinct. This will include the retained country club, a local centre and seniors living together.

A cinema and STA are permissible uses under the B4 Mixed Use zone which applies to the Entertainment Precinct. B4 is a centre zoning. As far as we are aware a detailed master-plan for the Turner Road Entertainment Precinct has yet to be prepared. A cinema could be accommodated as part of the Entertainment Precinct and would assist to support its aims and objectives. Given the large catchment area required to support a cinema, demand for a cinema within the Turner Road area is only likely to be sufficient to support one cinema facility at either the Turner Road Entertainment Precinct or the SOMA Site. Permitting a cinema on the SOMA Site would likely preclude a cinema at the Turner Road Entertainment Precinct and could prejudice the function and vitality of the future centre depending on the vision for the centre.

Specific reference to accommodation within the Turner Road Entertainment Precinct is removed from the proposed DCP amendments. However, STA would still comply with the aims and objectives for the Entertainment Precinct. No golf course will now be provided which removes justification for a dedicated STA to support it. However other uses within the Precinct, such as seniors living, would support STA demand. STA in the Precinct could also serve demand in the broader catchment area.

The STA proposed on the SOMA Site intends to largely serve demand from the adjacent medical precinct. Whilst it may capture some overnight stays that could otherwise be directed towards STA in the Entertainment Precinct, these would be ancillary to the primary target market. If specific STA were developed in the Entertainment Precinct to cater for localised demand related to seniors living for example, the SOMA Site would be an inferior location than the Entertainment Precinct for this. Therefore STA on the SOMA Site would not prejudice this investment.

If an STA facility were provided in the Turner Road Entertainment Precinct to serve less specific, more broad-based demand, this demand would emanate from a range of sources spanning tourism, business and personal related demand. Such demand is expected to support a number of STA facilities in any given area. On this basis, we do not believe that the proposed STA on the SOMA Site would be at the expense of STA investment at the Turner Road Entertainment Precinct. STA would likely be supportable in both locations.

Narellan Town Centre

Narellan town centre provides 72,000sqm of retail floorspace. Half of this is brand new having only opened in August this year. It provides a wide range of retail and service offerings including supermarkets, discount department stores, apparel and clothing retailers as well as an extensive food and beverage offer. Narellan provides an 8-screen cinema operated by United. Because of its diverse offer Narellan town centre attracts trade from a large area, extending to include the southern-most precincts of the South West Growth Sector in the north and Wollondilly LGA in the south and west.

The function and vitality of Narellan Town Centre would likely not be impacted by a cinema or STA on the SOMA site to any great extent. The cinema may result in some trips being diverted to the SOMA site instead of Narellan, but given the diverse offer of the exiting town centre and its large catchment these would be unlikely to impact the United cinema to the extent that it would close. Even if it were to close, which we do not believe is realistic, the overall impact on the function and vitality of the centre would not change. The cinema space could be repurposed for an alternative retail or service use. Therefore this would constitute a matter of competition only and not a material planning consideration. The STA use proposed on the SOMA Site would not be viable at Narellan, given its focus on the adjacent medical precinct. Therefore, it would not redirect investment from Narellan town centre.

Summary

The STA proposed on the SOMA Site is highly specific to the adjacent medical precinct. Sources of demand for STA are diverse, meaning that multiple STA may be justified in any given area. We do not believe that the proposed STA component of the SOMA Site would adversely impact upon the availability of existing or planned services or facilities within existing and planning centres in the locality. Its contribution to investment, jobs, retail expenditure and its supporting function to the medical precinct would thus constitute a net positive economic impact.

The proposed cinema use would not impact the viability of either Narellan town centre or the planned Gregory Hills neighbourhood centre. In our view only one cinema is likely to be supportable in this locality. Cinema uses are permissible in the Turner Road Entertainment Precinct and, could be sought as an anchor by the proponents of the Entertainment Precinct. It is however uncertain that a cinema will be sought in the Entertainment Precinct.

There are many other alternative uses that would be appropriate at the Entertainment Precinct, and it may be that the proponents favour developing non-cinema uses. The vision for the centre at the Entertainment Precinct is relevant, and if an anchor cinema is proposed it should take precedence over the cinema at the SOMA Site. In the absence of such a proposal or even if a cinema is proposed as an ancillary use, a cinema at the SOMA Site would convey positive benefit for the community.

The cinema and STA are distinct from each other and gain no co-location benefits. As such the cumulative impact of both uses on the existing and planned centres would not differ from the individual impacts outlined above.

A range of other uses would also be provided at the SOMA Site comprising bulky goods/ large format retail, business premises, food and drink premises and destinational leisure uses. Bulky goods/ large format retail serve separate needs to cinema and STA uses. The potential for linked trips between shoppers visiting the bulky goods facilities and those visiting the cinema and STA are low. For this reason we do not believe that the cumulative impact of this uses together will be much greater than these uses in isolation.

Business premises, destinational leisure and cinema and STA uses may support each other in that visitors may frequent a number of these uses in the same trip. This would support the overall attraction of the SOMA Site as a leisure destination but it would not significant increase the impact on nearby centres. Therefore providing a better functioning, more viable leisure destination at the SOMA Site would complement the functioning of these centres and constitute a public benefit.

Food and drink uses in conjunction with the leisure, cinema and STA use may redirect some trade away from nearby centres. However, food and drink uses are important in supporting the functionality of the SOMA Site. Visitors will demand access to proximate food and drink facilities and they should be provided locally. The food and drinks proposal would account for 454sqm of floorspace which is modest. This will limit the extent of potential adverse impacts. These uses would be ancillary to the main function of the SOMA Site and would not materially increase the cumulative impact of the proposal.

Yours sincerely

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