HillPDA CONSULTING

1 BRICKWORKS RD THORNTON

Economic Impact Assessment

Prepared for North Thornton Group

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Reviewer

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EXECUTIVE SUMMARY

HillPDA was commissioned by North Thornton Group (the Client) to undertake an economic impact assessment (the study) pertaining to a proposed tavern development located at 1 Brickworks Road, North Thornton (referred to as the subject site hereafter). As taverns and restaurants are not permissible under the proposed B5 zoning for the site, the Client is seeking an additional permissible use under Clause 2.5 and Schedule 1 of Maitland Local Environmental Plan (LEP) 2011 to enable its development.

The purpose of this study is to assesses the demand for, and merit of providing, food and drink services in the North Thornton employment precinct. The study also considers the impact that the proposed centre, with its food and drink services, will have on the centre hierarchy and the economic viability of existing and proposed commercial centres.

The site for the tavern and other food services is just off Raymond Terrace Road and will form part of the larger employment precinct referred to as the North Thornton Employment Precinct. The tavern development (including parking, setbacks, landscaping and outdoor areas) will have a footprint of approximately 5,000sqm and has been included in the North Thornton Employment Precinct to help activate the site, complement the other land uses and service the precinct's workers and local community.

The proposal is aligned to the State and regional plans as it supports economic development and tourism, creates new jobs across high growth industries and encourages business investment. The proposal will also help to improve the attractiveness and marketability of the North Thornton Employment Precinct to prospective tenants, while delivering stronger amenities for precinct workers and a more "pleasant working environment' (as encouraged in the Activity Centres and Employment Clusters Strategy). Along with delivering a stronger economic outcome, the proposal will provide the local community with increased choices with additional affordable dining options and a place for them to meet and interact - in turn promoting social cohesion.

Source of expenditure

There are primarily three sources of demand for food and drink services on the subject site being:

- Residents in the locality
- Workers and
- Visitors and tourists.

Population and employment growth

A main trade area for the food and drink premises on the subject site has been defined to encompass suburbs generally within 5km of the site and include Thornton, Chisholm, Berry Park, Millers Forest, Beresfield, Tarro, Morpeth, East Maitland, Metford and Ashtonfield.

The main trade area's residential population is forecast to increase from 48,500 persons in 2021 to 55,400 persons by 2036, equating to a population growth rate of 0.8% per annum. Approximately 600 – 700 persons reside within walking distance (800m) of the subject site.

The subject site will largely service the North Thornton Employment Precinct which is forecast to accommodate up to 1,220 workers when it is fully developed. Almost half of its trade is expected to come from workers in the proposed North Thornton Employment Precinct.

Forecast Expenditure

It is estimated that residents in the main trade area currently spend around $72.2 million on food and drink services (in restaurants, cafés, hotels, public bars and clubs), with spend levels projected to increase to $95.7 million by 2036 due to population growth and real growth per capita in expenditure. When fully developed the 1,220 workers in North Thornton are expected to spend a further $3.5 million on food and beverage services close to their place of work if such services were available. A further $0.3 -$0.4 million on food and drink expenditure is estimated to be generated from motel guests staying on subject site.

HillPDA estimates that the total potential revenue that can be achieved from all food and retail premises on the subject site would be $5.9 million in 2027, increasing to $9.0 million by 2036 (as measured in 2019 dollars).

By applying typical retail turnover densities for restaurant and café retailing to the expenditure captured, the subject site could support up to 1,000sqm of restaurant and café retail floorspace by 2027 and up to 1,450sqm by 2036 assuming the employment precinct is fully developed with 1,220 workers.

Impact Assessment

For the purpose of the impact assessment we have assumed a centre with a 900sqm tavern / bistro and a further 600sqm of other food and drink services opening in 2027. The centre is expected to achieve total retail sales of $9.0m of which $2.7m would be redirected from centres in the locality. In absolute dollar terms the strongest impact would be on Greenhills with an immediate redirection of trade of $3.3m in 2027. However this represents less than one percent of its total annual turnover which is insignificant. In percentage terms the strongest impact would be on Beresfield Tavern and Bowling Club with an expected immediate loss in trade of 9%. Nevertheless 9% loss in trade is considered a low impact.

All existing centres in the locality will enjoy growth in retail trade due to growth in population and expenditure in the wider trade area. The Beresfield Tavern and Bowling Club will experience an increase of 1.2% from 2021 to 2027 following the impact of the subject proposal. All other centres will experience an increase in trading levels of at least 4% or more. On this basis, the trading impacts would be acceptable as the proportion of growth in expenditure captured by the new development is well within acceptable limits enabling other centres to share some of that growth. The proposed food and drink services would therefore not threaten the role, function or commercial viability of any existing centre.

Other benefits

In addition to providing a stronger economic outcome and contributing to meeting regional employment targets the tavern development will also provide the following benefits:

- **Improved amenity**: The proposed food and drink premises will help to improve the attractiveness of the Thornton North Employment Precinct for potential investors and tenants, with workers benefiting from improved amenity and access to a more diverse food and beverage offer. Local residents will also benefit from increased optionality, including access to an affordable dining option.
- **Activation:** The construction of the tavern development will help to activate the local area and create a place for people to meet. This will help to facilitate and encourage community social cohesion. Street activation is also associated with positive impacts such as increased passive security, flow on benefits for surrounding retailers and businesses and increased investment within the local area.
- **Visitor expenditure from the motel:** The tavern development will provide 40 room motel which will help to increase the capacity of the Maitland's short-term accommodation and will provide flow-on economic benefits. Increased patronage associated with an expanded accommodation offer in Thornton would create new and increased levels of visitor expenditure on retail and associated spend (e.g. dining out, fast food, travel, apparel, personal items and gifts) in and around Thornton and further afield. Assuming

an occupancy rate of 65% for the total of 40 rooms and 1.5 persons per room, the proposed motel could draw 14,200 additional tourist nights into the region annually. Assuming an average spend of $70 per visitor night on retail goods and services, total expenditure by motel guests is estimated at $1 million per annum, much of which would be captured by existing businesses in the Maitland LGA.

In addition to the above, the motel component will provide an additional accommodation option in close proximity of the new Maitland Hospital (i.e. 3.3km north-west of the subject site), benefiting visitors of the hospital which require convenient and affordable short-term accommodation.

INTRODUCTION

1.0 INTRODUCTION

HillPDA was commissioned by North Thornton Group (the Client) to undertake an economic impact assessment (the study) pertaining to a proposed tavern development located at 1 Brickworks Road, North Thornton also Lot 161 DP136183 (the subject site).

1.1 Background

Maitland City Council is currently assessing an application to rezone approximately 48.7 hectares of land at Brickworks Road, Thornton (referred to as the North Thornton Employment Precinct hereafter and shown in Figure 1 below) from RU2 Rural Landscape to B5 Business Development and E3 Environmental Management. The intent of the rezoning is to facilitate the development of a diverse range of commercial and employment generating uses, whilst retaining environmentally valuable land. As part of this application an additional permitted use, a 'food and drink premises', namely the tavern development, is proposed on the subject site. This use is not permitted within the proposed B5 zone. As such the Client is seeking an additional permitted use under Clause 2.5 and Schedule 1 of Maitland Local Environmental Plan (LEP) 2011 to facilitate the development of the proposed tavern.

Figure 1: Aerial image of the North Thornton Employment Estate and subject site

Source: de Witt Consulting, 2021

1.2 Purpose of study

This study assesses the merit of the tavern development in the locality. More specifically, the study considers the need for additional food and drink premises in the locality and the impact that it would have on the centre hierarchy and viability of surrounding commercial centres.

1.3 North Thornton Employment Precinct and the subject site

The North Thornton Employment Precinct spans over 48.7 hectares of land in Thornton. It is located just off Raymond Terrace Road, a major arterial road in the locality connecting Raymond Terrace to East Maitland. Access to the precinct is provided via Brickworks Road and Haussman Drive which both connect directly to Raymond Terrace Road.

Based on a recent concept plan prepared by de Witt Consulting (refer to figure below), HillPDA estimate that the precinct will provide up to 1,250 jobs on site (refer to Section 3.4).

Of this total yield, a tavern development is proposed 200 metres south-west of the Haussman Drive entrance as indicated in blue hatched area of concept plan below. The tavern development will front Haussman Drive and is well placed in terms of servicing the specialised retail/ light industrial/ recreation and office/medical/ high technology uses in the employment precinct as well as serving the established Thornton residential population to the east and Chisholm residents to the north. The tavern development is proposed to include a 'restaurant or café' and/or 'pub' as defined by the Standard Instrument LEP.

The tavern development has been included in the North Thornton Employment Precinct to help activate the site, complement the other uses within the employment precinct and service the precinct workers. The use is also intended to create a place for visitors and nearby residents to socialise and interact thereby encouraging social cohesion.

Figure 2: North Thornton Employment Precinct Concept Plan

Source: de Witt Consulting, 2021

The tavern development is proposed to include the following components:

- Tavern with a GFA of 1,200sqm
- Bottleshop with a GFA of 250sqm
- 40 room motel with a GFA of 1,600sqm.

PLANNING CONTEXT

2.0 CONTEXTUAL APPRAISAL

This section undertakes an appraisal of the planning and statutory context relevant to considering issues of economic impact associated with the proposed development. Note that it considers matters relating to the proposed development from an economic perspective only.

2.1 NSW 2021 – A Plan to make NSW Number One

The state plan titled 'NSW 2021 – A Plan to make NSW Number One' is centred around five strategies and 32 goals being actioned by the Minister for Trade and investment, Minister for Regional Infrastructure and Services. The proposal is consistent with two goals being:

- Goal 1: Improve the performance of the NSW Economy: through growth in business investment and employment (i.e. job target of 100,000 new jobs, including 40,000 in regional NSW over the next decade).
- Goal 2: Increase the share of jobs in regional NSW, targeting 40,000 jobs in regional NSW.

The tavern proposal itself will contribute towards this target (albeit a small contribution) and will help to support and ensure the success of the wider North Thornton Employment Precinct which will provide an estimated 1,250 jobs.

The proposed tavern development is not inconsistent with any of the goals of the NSW 2021 plan.

2.2 Hunter Regional Plan

The NSW Government has prepared the Hunter Regional Plan to establish the guiding principles for how the future growth of the region will be planned and managed. Direction 24 (protect the economic functions of employment land) identifies opportunities to grow the significant employment precincts at the convergence of the national road network around Thornton and ensuring that infrastructure is commensurate and supportive of economic development. The plan acknowledges that strong amenity and infrastructure is key to attracting businesses and investment in employment lands.

As such the tavern development which also includes a hotel accommodation will 1) help to promote and grow tourism in the region and 2) improve the attractiveness and marketability of the North Thornton Employment Precinct, which in turn will create a significant number of new local jobs, drive stronger economic outcomes and business investment.

2.3 Activity Centres and Employment Clusters Strategy

The Activity Centres and Employment Clusters Strategy (the "Commercial Hierarchy") aims to "provide clear direction as to the vision, role, function and potential growth for each activity centre and employment clusters to support the predicted population growth"[1].

The Commercial Hierarchy aims to balance the need for a clear planning framework with flexibility so that planning decisions can respond to the changing economic and social circumstances[2].

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[1] Maitland City Council. "Activity Centres and Employment Clusters Strategy". Retrieved from http://www.maitland.nsw.gov.au/PlanningDevel/MaitStrategies#MaitCent. Retrieved on 8 August 2017.
[2] Maitland City Council. "Activity Centres and Employment Clusters Strategy". Retrieved from http://www.maitland.nsw.gov.au/PlanningDevel/MaitStrategies#MaitCent. Retrieved on 8 August 2017.

The plan affirms that land use zones should be mutually reinforcing, that is, the commercial centres and employment clusters should provide critical services and amenities in an ordered and logical manner. The strategy defined employment clusters as “a concentrated area of economic activity usually located out of centres and focused on a particular type of activity”[3]. The plan also acknowledges that economic clusters enable the sharing of facilities within “a well designed environment, offering potential tenants and their employees with a pleasant place to work”. As such the tavern development will help to improve the amenity for workers in the employment precinct (or employment cluster as per the strategy) and deliver on the Strategy’s objective of designing better places to work. The development also helps to improve the living standards of the local community through expanding food and drink offering (which is largely under provided for) as well as offering another place to meet and interact.

2.4 Maitland Local Environmental Plan (2011)

The subject site is currently zoned RU2 Rural Landscape. The planning proposal is seeking to rezone the North Thornton Employment Precinct, which includes the subject site, to B5 Business Development and E3 Environmental Management to facilitate the development of a diverse range of commercial and employment generating uses on site.

The proposed tavern development on the subject site (and the subject of this study) is categorised as a ‘food and drink premise’ under the LEP and is not permissible within the B5 zone. As such the Client is seeking an additional permitted use under Clause 2.5 and Schedule 1 of Maitland Local Environmental Plan (LEP) 2011 to facilitate the development of the proposed tavern.

2.5 Summary of key finding

The tavern development is aligned to the State and regional plans as it supports economic development and tourism, creates new jobs across high growth industries and encourages business investment. The tavern development will also help to improve the attractiveness and marketability of the North Thornton Employment Precinct to prospective tenants, while delivering stronger amenities for precinct workers and a more “pleasant working environment’ (as encouraged in the Activity Centres and Employment Clusters Strategy). Along with delivering a stronger economic outcome, the tavern development will provide the local community with increased optionality through the provision of an additional affordable dining option and a place for them to meet and interact - in turn promoting social cohesion.

[3] Maitland City Council. "Activity Centres and Employment Clusters Strategy". Retrieved from http://www.maitland.nsw.gov.au/PlanningDevel/MaitStrategies#MaitCent. Retrieved on 8 August 2017.

DEMAND ASSESSMENT

3.0 DEMAND ASSESSMENT

The following Chapter analyses the demand for food and drink premises on the subject site. As part of this assessment, a review of competitive landscape will be undertaken and an appropriate trade area for the use will be defined. The quantum of retail floorspace that could be accommodated on the site from 2021 to 2036 without impacting the viability of surrounding centres will subsequently be examined.

3.1 Competitive retail environment

The following undertakes a review of the surrounding existing and future retail centres around the site, focussing on those with a food and drink retail offer which will likely compete with the food and drink premises proposed as part of the tavern development.

3.1.1 Stockland Green Hills

Stockland Green Hills is located around 5.1 kilometres or a 7 minute drive north-west of the site[4]. The centre is a regional shopping centre which provides around 67,310sqm of occupied retail floorspace. Major tenants include a Big W (8,024sqm), David Jones (6,225sqm), Target (5,936sqm), Woolworths (4,871sqm) and Coles (3,702sqm) supermarkets as well as further 10,773sqm of other majors and mini-major retailers and 181 speciality shops (26,000sqm). The centre benefits from a food court, with some 25 food and drink premises. In 2020, the centre had a reported annual turnover of $504 million[5].

Immediately outside the centre is the George Tavern with an estimated GLAR of 700sqm[6].

3.1.2 Thornton

The single supermarket based shopping centre, Thornton Shopping Centre is located 1.4km to the east of the subject site[7]. The centre is anchored by a Coles supermarket of 2,260sqm and has 2,882sqm of specialty retail including seven food and drink premises.

The Thornton Supa Centre, totalling 7,526sqm, is located 3.5km to the south[8] of the site and comprises bulky goods retailers including Bing Lee and three take away food and drink premises[9].

Although the above centres will compete to some degree with the Tavern development, both centres serve a different role to the tavern development. Thornton Shopping Centre largely provides food and grocery stores and specialty stores for the regular shopping needs of surrounding residents. Whilst Thornton Supa Centre provides for the comparison shopping needs (i.e. infrequent purchases of comparison goods such as bulky goods) of a significantly wider region. Although Thornton Supa Centre does include a provision of food and beverage retailing, the offer largely comprises of fast food outlets (e.g. McDonalds, KFC, Red Roosters etc), differentiating it from the tavern development which provides a dining experience. As such the tavern development will extend the existing food and beverage offer in the Thornton locality.

3.1.3 Chisholm

The proposed Chisholm Plaza has been approved at Heritage Drive some 1.2km north of the subject site[10]. The centre will include a 3,800sqm supermarket, 1,400sqm of specialty retail and a food and drink premise of

[4] Google maps
[5] Property Council of Australia, NSW Shopping Centre Director 2020
[6] Google maps and centre website
[7] Google maps
[8] Google maps
[9] Property Council of Australia, NSW Shopping Centre Director 2020
[10] Google maps

1,000sqm as well as a medical centre[11]. Given the proximity, the food and drink premises will have some competition with the proposed Tavern development. However the centre as a whole will serve a different function to the proposed Tavern development providing for the regular food and grocery shopping needs of the local community.

3.1.4 Beresfield

The Beresfield Tavern totalling 500sqm GLA is located 5.2km of the site[12]. The tavern includes a liquor store component (some 100-200sqm in addition to the tavern). The Beresfield Tavern is a dated and tired facility and provides no outdoor seating.

A further 400 metres south of the Beresfield Tavern is the Beresfield Bowling Club, which provides a restaurant and indoor/outdoor dining space. Both the Beresfield Tavern and Bowling Club would likely have some competition with the proposed Tavern development.

3.1.5 Other retailers

Limited food and drink retailing is provided within Morpeth, East Maitland, Tenambit, Metford and Ashtonfield. This retail activity is not considered significant in terms of the overall retail provision. Moreover the competition with the proposed tavern at North Thornton is likely to be lower.

3.2 Methodology for retail demand assessment

The retail demand assessment only considers the food and drink component of the tavern development (i.e. excludes gaming and accommodation space) and as such only focusses on restaurant and café retailing. Current demand for restaurant and cafe related floorspace and forecast demand was quantified using expenditure modelling. For the purpose of the assessment we developed a bespoke expenditure model which utilises data from several sources. There are primarily three sources of demand for food and drink premises on site being:

- Residents in the locality
- Workers and
- Visitors and tourists.

3.3 Resident trade area identification

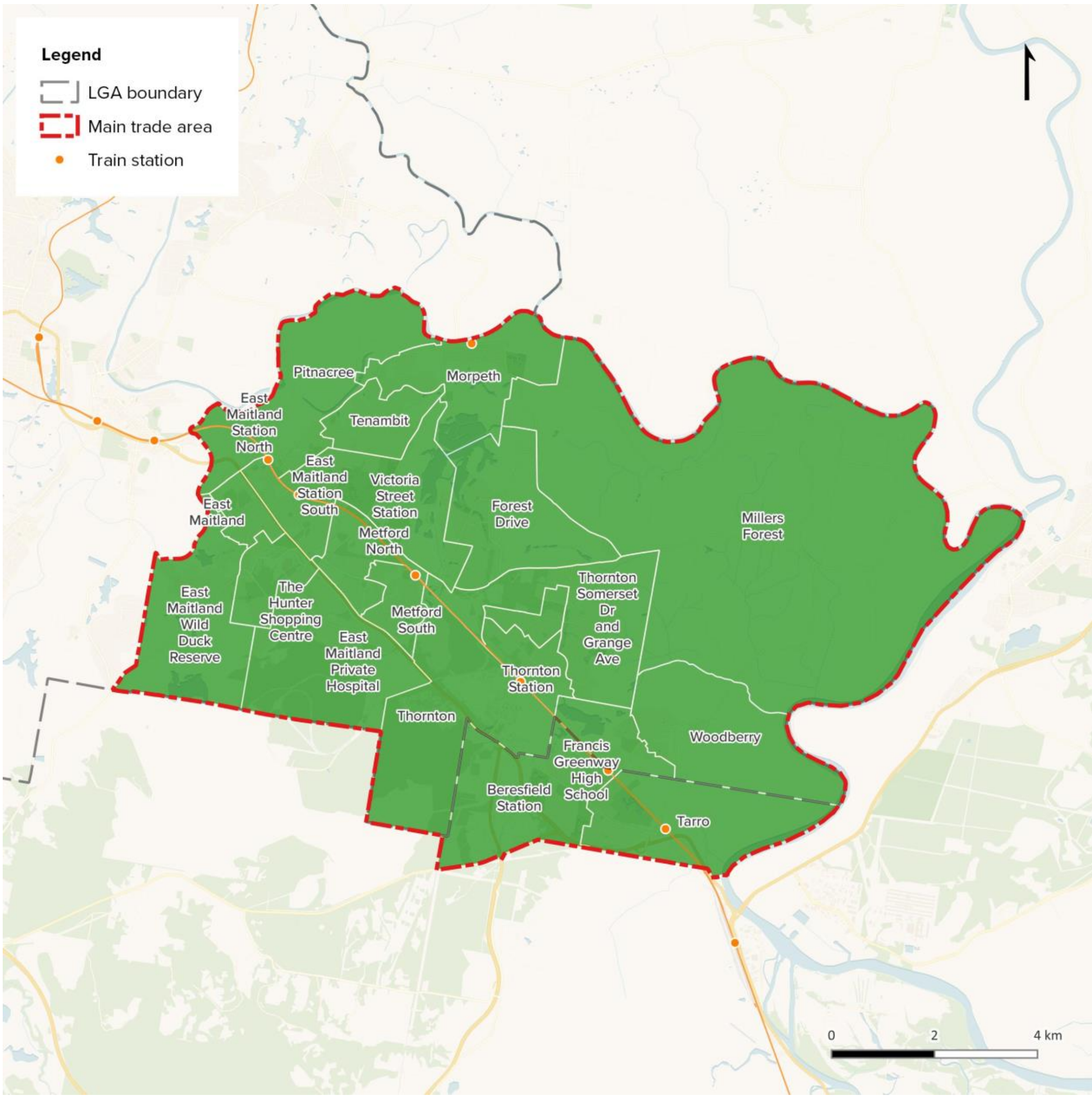
In defining a trade area, we have considered the below:

- Competitive retail centres, particularly their proximity to the centre and respective sizes, retail offer and attraction
- The location and accessibility of the centre, including the available road and public transport network and travel times
- The presence or absence of physical barriers, such as rivers, railways, national parks and freeways.

Based on the surrounding retail environment, the proposed composition of the tavern development, transport connections and presence of artificial/natural barriers, a main trade area for the food and drink premises on the subject site has been defined to encompass suburbs generally within 5km of the site and include the suburbs of Thornton, Chisholm, Berry Park, Millers Forest, Beresfield, Tarro, Morpeth, East Maitland, Metford and Ashtonfield. Note this trade area is reflective of the uses typically having a broader reach however a lower capture and visitation rate. The main trade area is shown in the figure immediately below.

[11] https://chisholmplaza.com.au/ and Cordell reserach
[12] Google maps and six maps

Figure 3: Main trade area for food and drink premises on the subject site



Source: HillPDA

3.4 Main trade area population projections and workforce projections

As sourced from the Transport of NSW (TPNSW), the main trade area's population is estimated to increase from the current level of 48,500 to 55,400 by 2036, equating to a population growth rate of 0.8% per annum (refer to the table immediately below).

Table 1: Main trade area population and worker projections

	2016	2021	2026	2031	2036	Total Change 2016-2036 (no.)	Growth rate p.a. 2021-2036 (%)
Total	45,912	48,493	51,145	53,736	55,367	9,455	**0.8%**

Source: Transport of NSW

Of this catchment some 600 persons reside within a walkable catchment (i.e. within 800m) of the subject site, with some further population growth projected to occur within this walkable catchment in Chisholm.

In terms of workers, the subject site will largely service the North Thornton Employment Precinct. Eventually it is likely that as much as half of its trade will come from workers in the proposed North Thornton Employment Precinct.

Within the proposed employment precinct there is likely to be a small amount of food and drink services provided in the precinct in addition to the tavern development however these are assumed to be largely complementary to the proposed uses on site and small in scale.

Based on typical job densities it is estimated that there will be approximately 1,220 workers in the North Thornton Employment Precinct upon completion, with calculations provided in the below table.

Table 2: Number of workers at completion of Thornton Employment Precinct

Land use	Area (Ha)*	Job Density**	Number of Workers
Fast food retail / fuel	6.1	40	242
Industrial / Storage / Garden centre	14.3	35	501
Bulky goods	4.1	35	144
Food and Drink Premises / Hotel or Motel Accommodation	1.6	35	54
Trade retail (industrial / business park areas)	7.9	35	213
Total	**34.0**	**36**	**1,219**

Sources: * Areas sourced from aerial photography, Sixmaps, Mecone Mosaic and HillPDA
** Job density rates are sourced from Parramatta Employment Lands Study 2018, Penrith Employment Lands Study 2019 and HillPDA research

It is assumed that the development of the North Thornton Employment Precinct will be staged over the next 15 years, with 450 workers (or 37% of total estimated workers) by 2027 and 850 workers (or 70% of total estimated workers) by 2031.

3.5 Expenditure from residents and visitors

3.5.1 Total expenditure from residents in main trade area

This Section examines the projected growth in household retail expenditure within the main trade area between 2021 and 2036. Expenditure from residents was quantified using data sources from:

- Population and population projections (refer to preceding Section 3.4)
- ABS 2016 Census – population and household numbers by household income at SA2 level
- ABS Retail Sales – monthly reported sales by State by 12 different retail store types (ANZSIC) from 1982 to March 2021
- ABS Household Expenditure Survey 2015-16 which provides data on household expenditure by household income quintiles and household type at national and state levels.

The model estimates expenditure in 2018-2019 generated by residents based on household size and income levels (higher income households spend more across all retail categories, particularly in more discretionary categories). The results are summarised in dollars spend per resident in meals and drinks consumed in restaurant premises and fast food / take-away services. Residents in the main trade area generate an estimated $72.2 million in expenditure in restaurant and take away services as of 2021. This figure is forecast to increase to approximately $95.7 million by 2036, assuming real retail growth of 1% per capita[13] and is shown in the table immediately below.

[13] Assumed real growth (non-inflationary) across the restaurant and take away services. If anything this is a conservative estimate based on the long term historic trend since 1985 of 1.6% per annum (HillPDA research)

Table 3: Forecast expenditure in food and drink services from residents in the main trade area (2019 $m)

	2021	2026	2031	2036
Restaurants and take away services*	72.2	80.1	88.4	95.7

* Expenditure ignores short term impacts from COVID-19 and associated restrictions
* Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling);
* Sources: ABS Retail Sales, ABS Household Expenditure Survey 2015-16; HillPDA.

3.5.2 Potential sales from main trade residents

The preceding section identified the total retail expenditure for restaurant and take away services in the main trade area. However not all of this expenditure will be captured by the food and drink premises on the subject site. This is due to the proximity of surrounding centres which provide a greater range and quantum of retail floorspace. For this reason we have assumed that the food and drink premises on the subject site (this includes the food and drink related floorspace of the tavern as well as any additional take away food and drink premises provided on subject site as they are considered complementary of one another) will capture up to 5% of total retail expenditure for restaurant and take away services in the main trade area. To account for additional passing trade along Raymond Terrace Drive it is assumed that food and retail premises at the subject site will capture a further 7.5% of their sales from beyond the trade area. Based on these assumptions, the total potential sales from residents in the trade area is estimated at $3.9 million in 2021 increasing to $5.1 million in 2036 as shown in the table below.

Table 4: Potential sales from main trade area residents and visitors (2019 $m)

	2021	2026	2031	2036
Restaurant and take away services*	3.9	4.3	4.8	5.1

Source: *Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling); ABS Retail Sales, ABS Household Expenditure Survey 2015-16; HillPDA

3.6 Expenditure from workers

Workers spend a proportion of their total retail spend near their place of work. A recent survey by Urbis found that workers in the CBD of Australian capital cities spend an average of $11,000 per annum (or $230 per week) in the CBD[14]. The average spend is $230 per week in shops (which excludes transport to and from work, commercial services such as medical and other similar non-retail spending). One third of this spend is on food and beverages. Lunch is the most popular purchase, with 84 per cent of office workers buying lunch during the week. Coffee is a big outlay, with almost three quarters of office workers consuming coffee at a typical rate of 3.5 hits per week. If we assume a lower level of spend – say $2,500 per worker per annum – and 1,220 workers on completion of the North Thornton Employment Precinct, potential retail sales from workers on restaurant and take-away services would amount to $3.5 million by 2036 (after allowing for real growth in spend of 1% per annum).

3.7 Expenditure from tourists

The tavern development is proposed to include a 40 room motel. Motel guests generate additional sales on food and beverage retailing in the area. Assuming an occupancy rate of 65% for the total of 40 rooms and 1.5 persons per room, the proposed motel could generate 14,200 additional tourist nights into the region annually. These visitors will each spend a further $70 per day on retail goods and services, with approximately two thirds of this

[14] https://insideretail.com.au/news/office-workers-big-spenders-201407
https://www.propertycouncil.com.au/Web/Content/News/National/2014/Office_workers_ensure_retail_success.aspx

spend on food and drink related retailing (i.e. $46 per day) [15]. This equates to $0.7 million per annum on food and drink retailing. Again, not all of this expenditure will be captured by the food and drink premises on the subject site. To account for this, we have assumed that the food and drink premises at the subject site will capture only half of this spend, that is, $0.3 -$0.4 million annually.

3.8 Estimated retail sales

The estimated retail sales by sources of expenditure from 2027 to 2036 is summarised in the table immediately below.

Table 5: Potential restaurant and take-away food sales* by sources of expenditure (2019 $m)

	2027	2031	2036
Residents and visitors	4.4	4.8	5.1
Workers**	1.2	2.3	3.5
Tourists***	0.3	0.3	0.4
Total	**5.9**	**7.4**	**9.0**

Source: *Turnover relating only to consumption of food and liquor (excludes all other types of revenue such as accommodation, gaming and gambling); ** Assumes 1,250 workers in North Thornton Employment Precinct by 2036. Source: ABS Household Expenditure Survey 2015-16; HillPDA *** allows for 1% in real retail growth

3.9 Demand for food and drink premises

To determine the demand for food and drink retail floorspace on the subject site, target turnover rates ($/sqm of retail floorspace), or otherwise known as Retail Turnover Densities (RTDs), have been applied to projected restaurant and takeaway expenditure drawn to the site. These RTD rates broadly represent industry averages and for the restaurant and take away retail categories are typical at around $6,000/sqm.

By applying the above RTDs, the demand for restaurant and take away floorspace on the subject site is estimated at almost 1,000sqm by 2027, increasing to around 1,450sqm by 2036 due to population and worker growth and real growth in expenditure per capita. Assuming 25% of this space is used for conference and entertainment (pool tables, TAB, etc) then 900sqm would be dedicated to food and drink consumption on premises. As such the sources of expenditure (residents, workers and tourists) would be sufficient to support the proposed tavern development as early as 2027. This would allow for a further 550sqm of restaurant and café floorspace to be provided on the subject site and/or in wider North Thornton Employment Precinct over the following decade to 2036.

[15] Destination NSW Regional Profiles 2019 and 2009-10

IMPACT ASSESSMENT

4.0 IMPACT ASSESSMENT

The previous Chapter in this Study established demand for the food and drink related floorspace as part of the Tavern development. This Chapter assesses the economic impact of the proposed retail floorspace on existing and proposed retail centres in the locality. The EPA & Act (1979) is not clear on what is meant by locality, however for the purpose of this assessment we have assumed it to be within and adjacent to the main trade area.

In terms of assessing economic impacts, previous court judgements such as "Fabcot Pty Ltd v Hawkesbury City Council (97) LGERA" and "Cartier Holdings Pty Ltd v Newcastle City Council and Anor [2001] NSWLEC 170" have provided some guidance on relevant issues. The NSW Land & Environment Court has stated that Councils should not be concerned about competition between individual stores as this is a matter of fair trading. Council should however concern itself with impacts in the locality.

4.1 Estimated turnover of the proposed centre

The proposal includes food and drink premises of up to 900sqm GLA (which is not permissible within the B5 zone) as part of the tavern development. Assuming a further 600sqm of take-away food and drink premises (permissible under the B5 Zone) is delivered across the subject site this equates to a total provision of food and drink premises on site of around 1,500sqm. We have further assumed that these tenancies would achieve total retail sales of $9m in their first full year of trading which is assumed to be 2027. Retail sales have been estimated based on industry target turnover rates (i.e. average turnover of $6,000/sqm). Initially around $2.4m (27%) is expected to be captured by workers in the locality although this percentage will increase over time as more businesses move in. Workers typically purchase food and drinks within walking distance of their place of work (i.e. within 800 metres) or within a short drive. Therefore, the majority of expenditure captured from workers is not redirected from competing centres in the locality. Without food services on site the alternative for workers is to bring their own food in.

4.2 Retail impact assessment

The $9m should also be viewed in the context of growth in expenditure in the main trade which is expected to be more than $9.4m over the next six years (2021-2027). The proposed centre is therefore justifiable based on growth alone and would not be reliant upon redirecting trade away from existing centres.

Notwithstanding this, in order to provide a robust assessment HillPDA has prepared a bespoke gravity model to examine the extent of trade redirected from existing centres. For the purpose of the assessment it has been assumed that the subject centre's first year of trading will be in 2027. The gravity model was designed on the premise that the level of redirected expenditure from a competing centre is directly proportional to the turnover of that centre and indirectly proportional to the distance from new tavern development.

It should also be noted that the gravity model assumes that 30% of the turnover captured by the proposed tavern and food services would be captured from workers or redirected from other destinations not defined. The results are presented in the following table.

Table 6: Impact on Surrounding Centres

1	2	3	4	5	6	7	8	9	10
Retail Centre	Distance from Subject Site (km)	Approx. Retail Floor Space	Turnover in 2021	Turnover in 2027 without Proposal	Turnover in 2027 with Proposal	Immediate Shift in Turnover	% Shift in Turnover in 2027	Shift in turnover from 2021 to 2027	% Shift in turnover from 2021 to 2027
Proposed Centre					9.0	9.0			
Green Hills	5.1	67,300	504.3	551.4	548.1	-3.3	-0.6%	43.8	8.7%
Thornton Supa Centre	3.5	7,500	28.3	31.0	30.4	-0.5	-1.8%	2.1	7.4%
Thornton Shopping Centre	1.4	5,150	46.3	50.6	48.5	-2.1	-4.2%	2.2	4.7%
Beresfield Tavern & Bowl club	5.2	1,000	6.0	6.7	6.1	-0.6	-9.1%	0.1	1.2%
Other Localities						-2.4			
TOTAL		80,950	584.9	639.7	642.1	0.0	0.4%	57.2	9.8%

Columns:

1. Retail Centre Name (includes strip shops)
2. Distance in kilometres from subject site (source: Googlemaps).
3. Various including Shopping Centre News, PCA Shopping Centres Directory, Hill PDA Floorspace Surveys.
4. Various including Shopping Centre News, PCA Shopping Centres Directory, Shopping Centre Annual Reports, Urbis Retail Averages, Other Consultancy Reports and Hill PDA Estimate.
5. Allows for population growth (variable for each centre) and real growth in retail spend per capita of 0.7% per annum in line with the historic trend since 1986 (Hill PDA Calculation from ABS Retail Sales, population estimates and CPI indexes).
6. The turnover of centres following the proposed development. The forecast turnover of the proposed development is redirected from the existing centres based on distance and size.
7. Immediate shift in turnover. This is difference between the development and the do nothing options (i.e. Column 4 minus Column 5).
8. Immediate percentage shift in turnover divided by the turnover in 2027 without the development (ie Column 6 - Column 5)
9. This is the shift in turnover from 2021 to 2027 after the opening of the new development (Column 6 minus Column 4)
10. This is shift in turnover from 2021 to 2027 divided by the base turnover in 2021

There are no universal measures of significance of economic impact. There are references in various consultancy reports and statements in the Land and Environment Court which suggest that a loss of trade below 5% is considered insignificant, 5% to 10% is low to moderate, 10% to 15% is moderate to high and above 15% is a strong or significant impact. On this basis the impact from the proposed food and drink premises on Beresfield Tavern and Bowling Club is considered to be low and the impact on all other existing centres is considered to be insignificant. Furthermore, these are immediate impacts in 2027. Over time these impacts will lessen due to population and expenditure growth in the locality. As shown in the final column in the above table all of the centres are expected to experience an increase in trading levels with or without the proposed food and drink premises at the subject site. On this basis, the trading impacts of the proposed food and drink services would be acceptable as the proportion of growth in expenditure captured by the new development is well within acceptable limits enabling other centres to share some of that growth. The food and drink services would therefore not threaten the role, function or commercial viability of any existing centre.

4.3 Other benefits

In addition to providing a stronger economic outcome and contributing to meeting regional employment targets the tavern development will also provide the following benefits:

- **Improved amenity**: The proposed food and drink premises will help to improve the attractiveness of the Thornton North Employment Precinct for potential investors and tenants, with workers benefiting from improved amenity and access to a more diverse food and beverage offer. Local residents will also benefit from greater optionality, including access to an affordable dining option.
- **Activation:** The construction of the tavern development will help to activate the local area and create a place for people to meet. This will help to facilitate and encourage community social cohesion. Street activation is also associated with positive impacts such as increased passive security, flow on benefits for surrounding retailers and businesses and increased investment within the local area.
- **Visitor expenditure from motel:** The tavern development will provide 40 room motel which will help to increase the capacity of the Maitland's short-term accommodation and will provide flow-on economic

benefits such as increased employment and tourism expenditure. Increased patronage associated with an expanded accommodation offer in Thornton would create new and increased levels of visitor expenditure including on retail and associated spend (e.g. dining out, fast food, travel, apparel, personal items and gifts) in and around Thornton and further afield. Assuming an occupancy rate of 65% for the total of 40 rooms and 1.5 persons per room, the proposed motel could draw 14,200 additional tourists into the region annually. Assuming an average spend of $70 per visitor per night on retail goods and services[16], total expenditure by motel guests is estimated at $1 million per annum, much of which would be captured by existing businesses in the Maitland LGA.

In addition to the above, the motel component will provide an additional accommodation option in close proximity of the new Maitland Hospital (i.e. 3.3km to the north-west of the subject site), benefiting visitors of the hospital which require convenient and affordable short-term accommodation.

[16] Destination NSW Regional Profiles 2019 and 2009-10

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