27 February 2020

State Planning Commission
ATTN: Mr Michael Lennon
GPO Box 1815
ADELAIDE SA 5001

By Email (Dpti.planningreformsubmissions@sa.gov.au)

Dear Mr Lennon

**RE: PHASE 3 – P&D CODE: SUBMISSION**
**CENTRE TYPE, RESTRICTED AND IMPACT ASSESSED DEVELOPMENT**

Heynen Planning Consultants has been engaged by PPI Funds Management Pty Ltd (PPI) to review Phase 3 of the Planning and Design Code (P&D Code). PPI is the owner and/or responsible for the management of shopping centres throughout South Australia (including Seaford Central, Westland Shopping Centre, Victor Central, Mount Barker Central, Roxby Central, The Metro (Hyde Park), Kincraig Shopping Centre (Naracoorte), Riverland Central Plaza and Greenacres Shopping Centre).

PPI welcomes the intent of the P&D Code given that its role is to deliver “planning policy that is consistent and clear, making the planning process quicker, simpler and more equitable”.

Noting the above intent, the following submission highlights that the P&D Code will deliver “inequitable” and negative impacts on longstanding businesses in South Australia (and likely in favour of multi-national corporations). Furthermore, the inequitable impacts are likely to be experienced by businesses beyond the immediate zone within which new retail development is to occur, which will in turn undermine the longstanding “hierarchy” of centre type development.

PPI has observed that the draft P&D Code alters many existing zones with a new “best fit” zone. It is evident however that this often results in an “upscale” of the envisaged gross leasable floor areas for a shop or group of shops in zones which currently service local catchments or communities.

One example where the P&D Code has the potential to detrimentally impact the ongoing balance and centres is at Lot 22, Lot 103 and Lot 1002 Darley Road, Paradise (the “Darley Road site”). In October 2019 a development application was lodged with the City of Campbelltown, which sought consent for a retail centre incorporating a floor area in excess of 5,500 m² and up to 450 car parking spaces within land currently zoned “Suburban Activity Node”.

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1https://www.saplanningportal.sa.gov.au/planning_reforms/new_planning_tools/planning_and_design_code
The Development Plan currently and clearly envisages as follows:

**Suburban Activity Node Zone**

PDC 6: Shops or group of shops and offices should generally have the following maximum gross leasable areas: Core Area – 1,000 square metres.

The Council ultimately refused to grant Development Plan consent to the proposed development. Having reviewed the development application, I concur with the Council’s decision.

On review, the P&D Code seeks to rezone the same land as “Urban Neighbourhood”, with the following observed:

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<th>Class of Development</th>
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<td>Industry other than a Light Industry</td>
<td>Restaurant Shop or group of shops with a gross leasable floor area less than 10000m²</td>
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Simply put, a shop with a gross leasable floor area of less than 10,000 m² will require a “performance assessment”. Such an assessment will require consideration of the following provisions:

**PO 1.6**
Shops, restaurants, offices and consulting rooms services and facilities to meet the day to day needs for the local community.

**DTS/DPF 1.6**
Shops, offices or consulting room uses not exceeding a maximum gross leasable floor area of 500m² for individual tenancies and 5,500m² in a single building.

**PO 1.7**
Larger scale shops, offices, and consulting rooms primarily clustered together to provide a focus for services and facilities.

In applying the P&D Code, PO 1.6 confirms that shops are sought to meet the day to day need of the local community. PPI welcomes this policy approach as it is consistent with the current Development Plan.

That said, PO 1.7 makes the reference to “local needs” per PO 1.6 irrelevant as “larger scale shops” as a combination of shops or two large shopping “complexes” could be developed up to and until the 10,000 m² restricted development “trigger” is reached.
Clearly, individual buildings of up to 5,500 m² as performance assessment development and up to 10,000 m² before restricted development is “triggered” would result in a shop or group of shops which services a catchment well beyond the “day to day needs for the local community”.

Accordingly, we seek the following variation of the P&D Code:

**PO 1.6**
Shops, restaurants, offices and consulting rooms services and facilities to meet the day to day needs for the local community.

**DTS/DPF 1.6**
Shop, restaurant, office or consulting room uses individually not exceeding a maximum gross leasable floor area of 1,000m².

**DTS/DPF 1.6.1**
No building is to exceed 2,500m² in gross leasable floor area.

**PO 1.7**
Shops, restaurant, offices, and consulting rooms clustered together to provide a focus for services and facilities.

Such an approach would maintain parity and equity with the current Development Plan, while providing a scale reference to future floor areas and building size better suited to PO 1.6.

Returning to the “less than 10000 square metre” Restricted Development trigger, the potential for a “10 fold upscale” is unjustified and will create adverse social and economic impacts on adjoining zones by reducing the “role” that outer zones play in the functional role of broader communities.

For example, in the case of the “Darley Road site” mentioned above the following shopping centres are located within a 2 km radius (refer Figure 1 overleaf):

- Gilles Plains Shopping Centre, anchored by Woolworths and Aldi supermarkets;
- Newton Central Shopping Centre and surrounds, anchored by Foodland and Target;
- Dernancourt Shopping Centre, anchored by a Coles supermarket;
- Campbelltown Shopping Centre, anchored by an IGA supermarket; and
- ALDI supermarket at Newton.

Slightly further afield, and within a 4 km radius are shopping centres at Athelstone, Newton, Felixstow, Marden, Firle, Greenacres and Hope Valley (refer Figure 1 overleaf).
Additionally, in the current form of the P&D Code, a proposal exceeding 500 m² for an individual shop or 5,500 m² for a single building or a shopping complex up to 10,000 m² will warrant a “performance assessment”. This, however, leaves the “door ajar” for a planning assessment to undermine the policy hierarchy (noting that the Darley Road site development application was recommended for planning consent despite a 1000 m² v 5500 m² “departure”).

On behalf of PPI, we seek that the 10,000 m² trigger for “Restricted Development” be amended to align with suggested DTS/DPF 1.6.1 as tabled below.

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Figure 2: Proposed Amendment to Restricted Development Classification
Further highlighting the relevance of the issues raised thus far, and beyond the example in City of Campbelltown, the *Mt Barker Retail Growth Study* for Business Mount Barker in December 2009 considers (a) the important role of maintaining the hierarchy of zones and (b) the risk that an arbitrary upscale of gross leasable floor areas would have the same effect in Mount Barker as noted in the Darley Road site.

The relevance of the Mount Barker Study is that it highlights that the P&D Code “best fit” approach which simply upscales gross leasable floor areas will have substantial impacts on existing shopping centres.

Returning to the Darley Road site, Property & Advisory in their report titled “Proposed Kaufland Paradise, SA Economic Case Peer Review and Retail Analysis” (September 2019) noted the following of substantive impact (at page 23 and at page 5):

“It is apparent that a 5,500sqm supermarket would require more than a local catchment of local residents and workers to be viable. This observation is supported by the Dimasi & Co report on the Prospect site, which anticipates a significantly larger catchment than that of a ‘regular’ supermarket, within a comparable urban setting.”

“With this vision in mind, it is apparent that the purpose of stipulating a general floor area cap of 1,000 square metres gross leasable area in the Zone Core Area was to preclude just such a development as that proposed by Kaufland and, instead, to foster smaller scale retailing aimed at the convenience needs of a new local population. Such a provision contains significantly more floorspace than the old Local Centre designation, being a quantity more in line with “Neighbourhood Centre” but with a diversity of small-scale tenants and offerings.”

While PPI supports opportunities for increased growth and diversity within established centres it is clear that the retail and commercial “spend” can only “go so far”, with Property & Advisory (see page 20) outlining per Figure 3 below and Figure 4 overleaf that the effect of such an increase in gross leasable floor areas at the Darley Road is detrimental and measurable both within and beyond the zone and the locality.²

![Figure 3: Turnover per sqm with addition of 6,350sqm Food and 100sqm Non-food Floorspace at the Paradise Site](image)

² For modeling purposes, the first full year of operation of the new centre is assumed to be 2021.
Figure 4: Percentage Change in Projected Turnover per sqm with addition of 6,650sqm Food and 100sqm Non-food Floorspace at the Paradise Site

Clearly, to upscale and undermine existing floor area provisions within “centre type” zones will have an adverse impact on surrounding retail centres, with Property & Advisory stating at page 20:

“The above analysis indicates that the effect of the new development on all the nearby Centres tested is significant for food in all cases except Gilles Plains, which comes in at just under 5%. In the case of non-food, the very minor effect is not sufficient to give rise to concerns for the future commercial health of nearby Centres.”

 Accordingly we seek that the “best fit approach” to applying new zones within the P&D Code not automatically assume that a greater gross leasable floor area is appropriate and rather that changes to gross leasable floor areas be carefully researched prior to implementation to avoid an adverse impact on existing Centres.

Notwithstanding the importance of maintaining the “hierarchy of zones”, PPI recognises the importance, in certain instances for large scale centres, that “impact assessed” or “restricted” development will be proposed.

Once again, PPI has identified that the ongoing success of established centres is potentially at risk with the possibility of Restricted Development as prescribed being the subject of a “call in” to the State Planning Commission (Commission). This call-in would be subject to compliance with the Practice Direction [4] Restricted and Impact Assessed Development 2019 (draft date 14/1/19).

It is important that the Commission has an equal ability to call in and not call in retail development on appropriate grounds, particularly noting the legitimate and substantial issues that would arise at the Darley Road site (if this was proposed as a Restricted Development).

 Accordingly, we seek that Practice Direction 4 Restricted and Impact Assessed Development 2019 be amended to mandate the requirements for a needs analysis to be prepared by a suitably qualified professional and furnished to the Commission that includes consideration of the net impact of a proposed development on all existing similar land.
More specifically, revisions to Practice Direction 4 are noted as additions in bold and exclusions being struck through below:

Practice Direction 4
Restricted and Impact Assessed Development 2019

Part 2 – Restricted Development
5 – Circumstances under which the Commission will assess restricted development

(1) The State Planning Commission (the Commission), acting through its delegate under section 30(3) of the Act, may refuse an application that relates to proposed development classified as restricted development without proceeding to make an assessment of the application (irrespective of whether the matters listed in 5(2) of this practice direction are met).

(2) The Commission may resolve to proceed to assess an application for restricted development in certain circumstances where all of the following are demonstrated to the satisfaction of the Commission:

(a) the proposal provides a social, economic or environmental benefit to the current or future community; and

(b) that the applicant furnishes an analysis prepared by a suitably qualified professional which considers the net impact of the proposed development on similar existing development and that such an analysis consider whether a demonstrated need exists for the proposed development; and

(c) the development responds to a demonstrated need or demand for the proposed land use in the locality.

(3) A decision to refuse a restricted development application without proceeding to make an assessment is, on application by the applicant, subject to review by the Commission itself. Such an application must be made in a form outlined in Attachment 1, either by email to the Commission’s current email address or via the SA Planning Portal.

(4) An application for review under subclause (3) must be made within 1 month after the applicant receives notice of the decision unless the Commission, in its discretion, allows an extension of time.

(5) The Commission may, on a review —

(a) affirm the decision of its delegate; or

(b) refer the matter back with a direction that the application for planning consent be assessed (and that direction will have effect according to its terms).

The above revisions should be applied to Impact Assessed Development, see for example overleaf.
Practice Direction 4
Restricted and Impact Assessed Development 2019

Part 3 – Impact Assessed Development (not being Restricted Development) 7 – Information that must be provided by the proponent

(3) The level of detail required to be addressed in the EIS will be determined by the Commission pursuant to section 112 of the Act. In doing so, the Commission will consider and determine the issues/impacts associated with the development and categorise those issues/impacts into either critical, medium or standard categories based on risk and scale, so as to indicate the levels of detail and investigation that should be given to those issues in the preparation of an EIS. Such issues may include (but are not limited to):

- biological/ecological
- visual/aesthetic
- infrastructure demand/impacts
- natural resource usage
- heritage impacts
- community/demographic
- economic impacts that the applicant furnishes an analysis prepared by a suitably qualified professional which considers the net impact of the proposed development on similar existing development and that such an analysis consider whether a demonstrated need exists for the proposed development
- air pollution
- water quality
- waste disposal
- hazards
- noise.

In this way, both Impact Assessed and Restricted Development must demonstrate not only “their own” need for such development but also that the proposed development will not create an adverse economic impact on longstanding existing business. Such an appropriate will create an “equitable” outcome.

In conclusion, the broad intent of the P&D Code is welcomed by PPI, and PPI agrees that a consistent and clear framework that makes the planning process quicker, simpler and more equitable is a desirable outcome.

If the above published goal is to be achieved the following requires resolution:

- provide clear provisions which remove all ambiguity (for example DTS/DPF 1.6 and PO 1.7);
- resist all rezoning that “upscales” the gross leasable floor area for shops within new zones without detailed analysis and justification of the impact at “policy level”; and
- amend Practice Direction 4 to ensure that a needs analysis be provided that considers the net economic impact on similar existing development prior to resolving to proceed with an assessment.

More specifically, we seek that the items identified in the 4 text boxes throughout this submission be addressed in future revisions of the P&D Code and the Practice Direction for Restricted and Impact Assessed Development.
I welcome discussion in relation to the submission on behalf of PPI.

Yours faithfully

Garth Heynen, MPIA
BA Planning, Grad Dip Regional & Urban Planning, Grad Dip Property

cc. PPI, Mr Harry Perks, by email

Enc. Proposed Kaufland Paradise, SA Economic Case Peer Review and Retail Analysis (September 2019)
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EXECUTIVE SUMMARY

This report is a Retail Study covering certain matters in relation to the proposed development of a Kaufland supermarket on land within the Paradise Suburban Activity Node Zone. It was commissioned in anticipation of an economic assessment being submitted in support of the proposal, however no retail analysis has apparently been submitted. It is customary to submit an economic analysis, particularly in light of the 1,000sqm floorspace cap within the Suburban Activity Node Zone.

PEER REVIEW – DIMASI & CO ECONOMIC IMPACT ASSESSMENTS

Two Dimasi & Co economic impact assessments that are on the public record as a result of previous Kaufland applications at Munno Para and Prospect were peer reviewed for this report. A number of detailed points are made herein in relation to these reports, which may or may not be relevant in light of no supporting economic assessment being submitted with the development application over the Paradise site. Nonetheless, two pertinent points of a general nature are:

- household food expenditure is all distributed somewhere – the bulk to supermarkets, but also some to smaller food retailers. It follows that there is an effect on small retailers, not to be discounted; and
- it is also the case that the employment effects may land more heavily on small retailers, who do not have the economies of scale or the employment heft of the large supermarkets. The jobs lost in competing small food retailers will be proportionally greater if those retailers are driven from the market or make layoffs due to an increased supply of large floorspace retailers such as Kaufland.

The generally recognised test for economic impact on other centres is that a negative effect on other centres of less than 5% is not significant, whereas adverse effects between 5-10%, would give rise for some concern, and adverse effects above 10% might affect the viability and functioning of retail centres.

SITUATION ANALYSIS

The City of Campbelltown has zoned the interchange precinct ‘Suburban Activity Node Zone’, targeting principally medium density residential development supported by a mix of compatible land uses and mixed use activity close to the Interchange and the River Torrens Linear Park.

There are a number of substantial retail Centres in reasonably close proximity to the proposed Kaufland. Most notably,

- within a 2 km radius, and only a short drive from the proposed supermarket, is some very substantial retail development, including:
  - Gilles Plains Shopping Centre, anchored by Woolworths and Aldi supermarkets;
  - Newton Central Shopping Centre and surrounds, anchored by Foodland and Target;
  - Dernancourt Shopping Centre, anchored by a Coles supermarket;
  - Campbelltown Shopping Centre, anchored by an IGA supermarket; and
  - the recently completed ALDI supermarket at Newton.
within a 4 km radius are a number of other major centres, most notably Athelstone, Newton, Felixtow, Marden, Firle, Greenacres and Hope Valley.

RETAIL ANALYSIS

For the purposes of this study, we have modelled the development of a centre of some 6,650sqm floorspace at the Paradise site acquired by or for Kaufland, comprising a full-line supermarket of 6,450sqm and 300sqm of ancillary retail space. For the Kaufland, we have allowed 5,500 public area and 950sqm back-of-house. Allowing for a little ancillary non-food, the floorspace modelled is 6,650sqm food and 100sqm non-food.

The modelled results for 2021 indicate that in both food and non-food retailing all of the surrounding retail centres would experience declines in turnover per square metre (indicated by grey shading). In the case of food, the negative effects extend to the 2026 intercensal year, recovering by 2031. In the case of non-food, a very minor effect is felt across-the-board in 2021 but by 2026 and thereafter turnover per square metre shows positive growth when compared to the ‘benchmark’ figures.

The analysis herein indicates that (in reference to the aforementioned test) the effect of the new development on all the nearby Centres tested is significant for food in all cases except Gilles Plains, which comes in at just under 5%.

PROVISION OF GOODS AND SERVICES

“Rational, economic and convenient provision of goods and services” is required by Development Plan policy.

The region is already well provided with retail floorspace in general and supermarket floorspace in particular. Whether it is rational to introduce more floorspace into a market which, as against national rates of floorspace provision, is already well catered for is arguable.

Section 4 herein indicates that the effect of an introduction of a new supermarket of 6,150sqm would be significantly detrimental to most other nearby centres in the first intercensal year modelled (2021), diminishing by the second (2026).

The introduction of Kaufland will decrease profitability at the margins and, over the long term, could result in small traders in the food sector exiting the marketplace, which would decrease convenience and choice, and have compounding effects on other local businesses.

SCALE

We investigate herein whether or not the proposed scale of development will cater for “the day to day needs of local residents and workers” or is targeted at a neighbourhood/sub-district level retail catchment.

Kaufland stores are larger footprint stores designed to serve relatively extensive trade areas. The scale of the proposed development at 6,750sqm is comfortably within what would normally be associated with a “Neighbourhood Centre” categorisation and, if “District Centre” is a scale within the range 10,000 – 20,000sqm, it is getting up towards that range.

What is perhaps more to the point is that a single supermarket of this scale is not what was envisaged when the Suburban Activity Node Zone at Paradise was incorporated into
Campbelltown’s Development Plan. Rather, our interpretation is that the zone was intended to accommodate new residents at medium-high density; those residents being afforded greater convenience by their close access to the O-Bahn.

In order to provide such residents with convenience retail, it was envisaged that sufficient quantity of retail floorspace would be included in the resultant developments such that these residents would not need to use their cars to secure their day-to-day needs. This might have been accomplished by a sub-1,000sqm supermarket, together with take-away food, restaurants, cafes and the like, augmented by a range of non-food categories such as chemist, dry cleaning, real estate agencies, newsagent, etc. In other words, mixed use development with medium-high residential predominating.

With this vision in mind, it is apparent that the purpose of stipulating a general floor area cap of 1,000 square metres gross leasable area in the Zone Core Area was to preclude just such a development as that proposed by Kaufland and, instead, to foster smaller scale retailing aimed at the convenience needs of a new local population. Such a provision contains significantly more floorspace than the old Local Centre designation, being a quantity more in line with “Neighbourhood Centre” but with a diversity of small-scale tenants and offerings. We note that the visioned new local residential population for the zone does not presently exist and – as far as we are aware – new housing does not form a part of the application.

It may be that the proposed Kaufland will provide for “the day to day needs of local residents and workers”, however to our knowledge this has not been established by economic analysis. Further, we observe that siting a Kaufland within the Suburban Activity Node Zone is inconsistent with the vision that the City of Campbelltown had when it created the zone. Rather, its large floorplate diminishes the potential for the development of a cosmopolitan precinct around the interchange and reduces the likelihood that a diversity of retail uses will occur elsewhere in the zone. This observation is reinforced by the fact that it runs counter to the 1,000sqm general floor area cap, which in our view is in place to promote just such a cosmopolitan environment.

**Concluding Comments**

In summary:

- there is retail cap of 1,000sqm in the Suburban Activity Node Zone core area to provide for “the day to day needs of local residents and workers”, and the scale of the proposal exceeds that;
- The Kaufland application is reportedly not supported by a retail study. Kaufland retail studies in other areas indicate that the brand’s offering is aimed at a larger trade area than the above criteria;
- the day to day needs of local and new residents are already well catered for by retail floorspace in the immediate vicinity, particularly as regards supermarket floor space; and
- the principles and objectives of the zone are not being met by the application and if anything are a contrasting proposition more fitting within the abundance of neighbourhood and District Centre zones in the region, which are not capped.
1.0 INTRODUCTION

URPS has engaged Property & Advisory (P&A) to prepare a Retail Study covering certain matters in relation to the proposed development of a Kaufland supermarket on land within the Paradise Suburban Activity Node Zone, a short distance from the O-Bahn interchange in the City of Campbelltown. Our instructions cover:

- a peer review of two Dimasi & Co Economic Impact Assessment reports prepared for Kaufland regarding proposed developments at Munno Para and Prospect, with a focus on identifying generic areas of concern (e.g. methodology etc.) in its approach or possible areas of bias;
- identification of the anticipated economic impact of the proposed Paradise Kaufland development on nearby Centres;
- an assessment of whether or not the proposed development is considered to result in the “rational, economic and convenient provision of goods and services”, as required by Development Plan policy;
- an assessment of whether or not the proposed scale of development will cater for “the day to day needs of local residents and workers” or is targeted at a neighbourhood/sub-district level retail catchment;
- commentary on the likely purpose behind the general floor area cap of 1,000 square metres gross leasable area in the Zone Core Area, as identified within the City of Campbelltown’s Development Plan Regulations for the Suburban Activity Zone (Principle 6); and
- commentary on the likely potential for Kaufland to “pull in” customers from the O-Bahn interchange. That is, if a passenger alights from a bus, goes to Kaufland to do some shopping and then drives home, whether it could be the case that Kaufland is servicing a larger catchment than would otherwise be the case.

As neither URPS nor Property & Advisory have access to the proposed plans, we are instructed to found this report on assumptions that are based on similar proposals at Prospect and Munno Para. From a retail perspective, the assumptions are:

- supermarket area of 5,500 sqm;
- back of house (stockroom) of 950 sqm;
- back of house (amenities) of 150 sqm; and
- specialty retail tenancies total of 300 sqm.

Advisory Note
This report has been prepared by Andrew Lucas and Geoff Hayter of Property & Advisory Pty Ltd. In accordance with our normal practice, we confirm that this report has been prepared for purposes of informing future decision making by URPS on behalf of its clients. Property & Advisory accepts no responsibility for any statements in this report other than for the stated purpose.

The advice it provides is confidential to URPS. No responsibility is accepted to any third party and neither the whole of this report nor any part, or reference thereto, may be published in any document, statement or circular, nor in any communication with third parties, without Property & Advisory’s prior written approval of the form and context in which it will appear.
2.0 PEER REVIEW – DIMASI & CO ECONOMIC IMPACT ASSESSMENTS

In order to anticipate an economic assessment submitted in support of the proposed Kaufland at Paradise, two Dimasi & Co economic impact assessments that are on the public record as a result of previous applications at Munno Para and Prospect were peer reviewed for this report. It was assumed that Kaufland had commissioned a similar report for the Paradise site. We are subsequently informed that no retail analysis has been submitted for the Paradise Development Application, which on the face of it is quite curious, particularly in light of the 1,000sqm floorspace cap within the Suburban Activity Node Zone.

The previous reports, both dated May 2018, are substantially identical in methodology and much of their written content. Our footnotes in the following discussion refer to the Prospect report, however the quoted references may be found in both reports.

2.1 GENERAL COMMENTS

Our over-arching assessment of the reports is that, whilst they purport to be independent appraisals of the two proposals, much if the language is promotional in style, with frequent use of superlative adjectives, resulting in a less-than-sober tone. The reports read like advocacy rather than objective analysis.

That said, this current brief is principally concerned with the methodology adopted and in this context we make the following observations.

Firstly, Dimasi & Co confines its analysis to supermarkets, which it defines as “food and grocery stores …. greater than 500sqm in size”, stating that smaller stores are “not considered to be competitive”.

While it may be true that the primary competition for Kaufland is the major supermarket chains, by confining analysis to the major competition, that analysis will fail to recognise that retail competition is a ‘zero-sum game’. Household food expenditure is all distributed somewhere – the bulk to supermarkets, but also some to smaller food retailers. It follows that there is an effect on small retailers, not to be discounted. The omission of smaller retailers makes the conclusions both Kaufland favourable and potentially unreliable.

It is also the case that the employment effects may land more heavily on small retailers, who do not have the economies of scale or the employment heft of the large supermarkets. So whilst the Dimasi & Co reports point to positive employment effects under “Net Economic Benefits”, the jobs lost in competing small food retailers will be proportionally greater if those retailers are driven from the market or make layoffs due to an increased supply of large floorspace retailers such as Kaufland. This has multiplier effects in the larger local economy.

Taking the Prospect analysis as an example, the Dimasi & Co report identifies some 34,500sqm of supermarket floorspace in its defined trade area and bases its competitive analysis on that

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1 Prospect Report, p.11
figure. However, the total food retail floorspace in that trade area (excluding liquor, take-away food and restaurant/cafes) is approximately 58,000sqm\(^3\), meaning that the Dimasi & Co report concerns itself with only (the biggest and strongest) 60% of the relevant market sector.

We note further on this point that, by Dimasi & Co reckoning, whilst supermarket expenditure per person is higher in Adelaide ($4,437 per person, vs $4,216 per person nationwide), total food and grocery expenditure is lower ($5,220 pp vs $5,386 nationwide) – which may reflect that small local retailers are under greater pressure than their interstate counterparts.

**Secondly,** the Dimasi & Co reports identify “regional sourcing” as one of the advantages that Kaufland will bring to the SA market. Perhaps because of their ‘Eastern States’ source, the reports do not recognise the role that Foodland supermarkets play in the SA market, or the fact that this is a principal selling proposition of that chain. Rather, the primary focus of the reports is on Coles and Woolworths.

**Thirdly,** comparing Tables 1.1 and 1.2, we note that Table 1.2 identifies that Adelaide has having 376sqm of supermarket floorspace per ‘000 population, compared to 333sqm per ’000 in Australia overall. This potentially points to an oversupply of supermarket floorspace in Adelaide, with its rate of provision being 13% greater than the national average, in a state whose longer-term economic performance can tend to lag.

**Finally,** as regards the supermarket retailers and their representation in the Adelaide market compared to Australia overall, the following is noted from Tables 1.1 and 1.2:

- Woolworths – less well represented in Adelaide than elsewhere;
- Coles – better represented;
- Aldi – much less well represented (Aldi only began an Adelaide rollout in 2011); and
- independent – much better represented (being almost double the national profile).

This points to Adelaide’s competitive settings, and any proper consideration of them, being much more complex than simply taking a view framed by the ‘Colesworth’ duopoly.

### 2.2 TRADE AREA ANALYSIS

As regards Section 3.2 of the Dimasi & Co reports, ‘Trade Area Analysis’, we first make the observation that, as with any non-objective trade area analysis, the extent of the defined trade area is based on the professional judgement of the report’s author.

Beyond this, we note that:

- rather than identifying primary and secondary (or even tertiary) trade areas, the Dimasi & Co reports identify only a single trade area for each proposed store, and very large ones at that. The justification for this move is that “the Kaufland business model, and the Kaufland value proposition, differ from both Coles and Woolworths in that... Kaufland stores are larger footprint stores designed to serve relatively extensive trade areas.”\(^4\)

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\(^2\) Ibid p. 26  
\(^3\) Source: DPTI Retail Data Base (2007), partially updated by Property & Advisory (2019).  
\(^4\) Prospect Report, P. 23
Whilst this may be true of Kaufland’s corporate strategy, it is also the case that with Kaufland’s Prospect site, there is a Coles store of 5,600sqm (i.e. a comparable size to Kaufland’s 6,700sqm) within 1 km, alongside a Costco of 13,875sqm – although the Prospect report mentions the Costco store only once in passing. Also in relatively close proximity is Armada Arndale (3km to the west, with 8,600sqm of supermarket space, plus a Big W of 6,700sqm) and North Park/Sefton Plaza (1.6km to the east; 6,200sqm of supermarket space plus Target DDS of 4,800sqm). Arguably, Kaufland’s Prospect store will face considerable competition in this locality. It may draw curious initial custom from as far an extent as the identified trade area in the first instance, but in the medium-long term it is our assessment that its trade area will fall back to a more conservative extent. Empirical evidence supports customer patterns shopping locally and a large trade area in not appropriate in the long term;

- the trade area identified in the Munno Para report is in our view more realistic, being limited by Gawler Township to the north and Elizabeth City Centre to the south;

- to its credit, Dimasi & Co points to the essentially speculative nature of trade area analysis in the case of Kaufland, there being no local experience of its business model upon which to base an assessment\(^5\);

- as regards competition, the Prospect report appears to have ignored Costco, despite it being a major – and nearby – competitor. Dimasi & Co regards Costco as a different business model with a far wider trade area, which is undeniably the case, however it would still be a major actor within the identified trade area for Kaufland; and

- the report also makes no mention of Aldi, which has two stores within the defined trade area (although these may be included as ‘independent’ supermarkets).

In summary, it is our view that the Prospect report over-estimates the size of the proposed Kaufland store’s trade area. This is important, as the size of the trade area will determine the total dollar turnover derived from that trade area, and therefore dilutes impact on competitive centres resulting from the insertion of the new Kaufland floorspace. This is less of a factor in the case of Munno Para, where there are far fewer centres within the very large defined trade area.

### 2.3 ESTIMATED SALES POTENTIAL

In general, this portion of the analysis in the two reports follows a rational path.

We note in passing that the reports have factored in 8 – 10% of sales being in packaged liquor. It is worth pointing out that Costco desired to sell packaged liquor but was prevented by law from doing so in-store. If Kaufland intends to do so, it will need to obtain a liquor license and divide off a portion of its store to sell liquor separately – an imposition that Costco was unwilling to follow.

### 2.4 ECONOMIC IMPACTS

The test that Dimasi & Co applies here is, “existing facilities potentially being impacted to such a degree that they might be lost to the community, and if the service or services provided by those

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\(^5\) Prospect Report, p. 23
facilities are not at the very least replaced by the proposed new facilities, then a community disbenefit could result.\textsuperscript{6}

We find this test problematic, because it is founded in a view that so long as the service currently provided by competitive centres is “at the very least replaced” by the new facilities, then the economic effect on other centres is acceptable.

On the contrary, it is generally accepted in retail analysis that a negative effect on other centres of less than 5% is not significant, whereas adverse effects between 5-10%, would give rise for some concern, and adverse effects above 10% might affect the viability and functioning of retail centres – and that this is the test that should apply. Under the Dimasi & Co test, an adverse effect of 20% would be of no concern, so long as the existing services at affected centre(s) were “at the very least replaced” by new facilities.

Some of the modelling assumptions utilised by Dimasi & Co have been tested. Some appear reasonable, while others are questionable, as identified below:

- for Prospect, Dimasi & Co estimated a 2016 population for its Main Trade Area (MTA) of 90,340\textsuperscript{7}. P&A estimates this to be a maximum of 88,000. Dimasi & Co estimates that this will increase by 1.3% p.a.; official DPTI estimates for intercensal years to 2031 suggest that population growth in the MTA will be approximately 1%;

- for Munno Para, Dimasi & Co estimated a 2016 population for its Main Trade Area (MTA) of 74,548\textsuperscript{8}. P&A estimates this to be a maximum of 71,250. Dimasi & Co estimates that this will increase by 3% p.a.; official DPTI estimates for intercensal years to 2031 suggest that population growth in Munno Para’s MTA will be approximately 1.8%;

- for Prospect, Dimasi & Co estimates 2018 MTA expenditure on food and groceries to be $462mill\textsuperscript{9}; P&A estimates total food expenditure (including liquor, restaurants and take-aways) to be $432mill;

- Dimasi & Co estimates turnover at the proposed Prospect Kaufland to be $35mill. Given the size of the MTA as discussed above, it then asserts that the maximum adverse effect of this on other centres in the MTA will fall below 5% (Dimasi & Co estimates an impact of 4.3% - 4.9% for food). Thus, two observations may be made:
  - clearly, this outcome is a function of the size of the MTA. If, as is suspected, the MTA is smaller than that delineated by Dimasi & Co, the impact will be greater than 5%. It may be observed that the impact will be significantly greater on nearby centres such as Churchill Centre and North Park/Sefton Plaza than on centres towards the periphery of the identified MTA; and
  - if, as per our estimate, total food expenditure is $432mill in the MTA (and much less if liquor, restaurants and take-away food is excluded from this figure), then the impact will also be greater than 5%.

In summary, it may be observed that the calculation of impacts on competitive centres is dependent on the delineation of the proposed centre’s trade area, the validity of the numbers

\textsuperscript{6} p. 27
\textsuperscript{7} p. 31
\textsuperscript{8} Munno Para p.31
\textsuperscript{9} Prospect p. 32
used to estimate expenditure in the MTA and future projections of that expenditure. In any economic assessment it is better to adopt a conservative position in this regard.

2.5 NET COMMUNITY BENEFIT ASSESSMENT

We note that the Prospect and Munno Para reports couch net community benefit in broad terms, with little delineation of the actual effects.

Where the number of jobs expected to be created as a result of the construction and operation of a facility is proffered, these should be identified as Full Time Equivalents (FTE) – if this is what they are – rather than as a range that is not specific as to the nature of the jobs. The methodology utilised in arriving at the range should also be identified, or a source for the data stated.
3.0  SITUATION ANALYSIS

3.1  THE PARADISE INTERCHANGE

Paradise is a predominantly residential suburb in the inner north-east of Adelaide, some 10 kilometres from the Adelaide CBD. The O-Bahn busway connects the Adelaide CBD with Modbury, and the Paradise interchange is one of only two stops on the route. It handles approximately 5,300 passenger movements per day. In recent years, the City of Campbelltown has zoned the interchange precinct ‘Suburban Activity Node Zone’, targeting principally medium density residential development supported by a mix of compatible land uses and mixed use activity close to the Interchange and the River Torrens Linear Park.

The recent State Budget funded an election commitment to expand commuter parking at the interchange by 300 spaces, although to date work has not commenced.

In August 2019, Kaufland lodged plans with the City of Campbelltown for a store within the zone, believed to be on a 4 Ha site acquired from the Influencers Church. The relevant land is situated on the north-eastern side of Darley Road, on land between the church and the Paradise Fire Station.

3.2  COMPETING RETAIL CENTRES

Figure 1 overleaf illustrates that there are a number of substantial retail Centres in reasonably close proximity to the proposed Kaufland. Most notably,

- within a 2 km radius, and only a short drive from the proposed supermarket, is some very substantial retail development, including;
  - Gilles Plains Shopping Centre, anchored by Woolworths and Aldi supermarkets;
  - Newton Central Shopping Centre and surrounds, anchored by Foodland and Target;
  - Dernancourt Shopping Centre, anchored by a Coles supermarket;
  - Campbelltown Shopping Centre, anchored by an IGA supermarket; and
  - the recently completed ALDI supermarket at Newton.

- within a 4 km radius are a number of other major centres, most notably Athelstone, Newton, Felixtow, Marden, Firle, Greenacres and Hope Valley.
As extracted from the Retail Database, Table 1 overleaf identifies retail centres within a 4 kilometre radius of the proposed Centre.
Table 1: Retail Centres within 4km Radius of Paradise

<table>
<thead>
<tr>
<th>Centre Code</th>
<th>Description</th>
<th>Zone</th>
<th>Food_m²</th>
<th>Nonfood_m²</th>
<th>Total Floorspace</th>
</tr>
</thead>
<tbody>
<tr>
<td>182003</td>
<td>GILLES PLAINS SHOPPING CENTRE</td>
<td>Dce</td>
<td>11609</td>
<td>13557</td>
<td>25166</td>
</tr>
<tr>
<td>91001</td>
<td>NEWTON ROAD, NEWTON</td>
<td>Dce</td>
<td>6471</td>
<td>10526</td>
<td>16997</td>
</tr>
<tr>
<td>770015</td>
<td>DERNANCOURT SHOPPING CENTRE</td>
<td>Nce</td>
<td>4959</td>
<td>4258</td>
<td>9217</td>
</tr>
<tr>
<td>91009</td>
<td>CAMPBELLTOWN SHOPPING CENTRE</td>
<td>UrC</td>
<td>4699</td>
<td>6843</td>
<td>11542</td>
</tr>
<tr>
<td>91037</td>
<td>ALDI NEWTON AND ENVIRONS</td>
<td>UE</td>
<td>1730</td>
<td>1030</td>
<td>2760</td>
</tr>
<tr>
<td>182007</td>
<td>NORTH EAST ROAD, WINDSOR GARDENS</td>
<td>Nce</td>
<td>1244</td>
<td>14590</td>
<td>15834</td>
</tr>
<tr>
<td>91026</td>
<td>LOWER NORTH EAST ROAD/BRIAN GROVE, DERNANCOURT</td>
<td>UrC</td>
<td>566</td>
<td>104</td>
<td>670</td>
</tr>
<tr>
<td>91016</td>
<td>LOWER NORTH EAST ROAD/JAMES STREET, CAMPBELLTOWN</td>
<td>UrC</td>
<td>347</td>
<td>983</td>
<td>1330</td>
</tr>
<tr>
<td>182062</td>
<td>WINDSOR VILLAGE SHOPPING CENTRE</td>
<td>LCe</td>
<td>180</td>
<td>60</td>
<td>240</td>
</tr>
<tr>
<td>91036</td>
<td>INDUSTRIAL - GRAVES ST AND SURROUNDS, NEWTON</td>
<td>UE</td>
<td>180</td>
<td>3536</td>
<td>3716</td>
</tr>
<tr>
<td>182050</td>
<td>NORTH EAST ROAD/COOKES ROAD, WINDSOR GARDENS</td>
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<td>135</td>
<td>298</td>
<td>433</td>
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<tr>
<td>770034</td>
<td>PADBURY RD/NORTH EAST RD, HOLDEN HILL</td>
<td>C</td>
<td>112</td>
<td>770</td>
<td>882</td>
</tr>
<tr>
<td>91013</td>
<td>BRAEMORE TERRACE/HAMBLEDON ROAD, CAMPBELLTOWN</td>
<td>LCe</td>
<td>82</td>
<td>268</td>
<td>350</td>
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<tr>
<td>91014</td>
<td>CLAIRVILLE ROAD/HEADING AVENUE, CAMPBELLTOWN</td>
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<td>74</td>
<td>199</td>
<td>273</td>
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<tr>
<td>91012</td>
<td>PARADISE PLAZA</td>
<td>LCe</td>
<td>74</td>
<td>296</td>
<td>370</td>
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<td></td>
<td></td>
<td>32,462</td>
<td>57,318</td>
<td>89,780</td>
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<td>2 – 4 km Radius</td>
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<td>52,665</td>
<td>63,806</td>
<td>116,471</td>
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<td>91008</td>
<td>NEWTON SHOPPING CENTRE</td>
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<td>7,291</td>
<td>2,562</td>
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<td>182005</td>
<td>GREENACRES SHOPPING CENTRE</td>
<td>Dce</td>
<td>6,998</td>
<td>16,062</td>
<td>23,060</td>
</tr>
<tr>
<td>553001</td>
<td>MARDEN SHOPPING CENTRE</td>
<td>DS</td>
<td>6,088</td>
<td>4,002</td>
<td>10,090</td>
</tr>
<tr>
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<td>GLYNBURN VILLAGE</td>
<td>DS</td>
<td>5,453</td>
<td>10,579</td>
<td>16,032</td>
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<td>91002</td>
<td>GORGE ROAD, ATHELSTONE</td>
<td>NCe</td>
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<td>1,515</td>
<td>5,071</td>
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<tr>
<td>553002</td>
<td>PAYNEHAM ROAD, FELIXSTOW</td>
<td>LS</td>
<td>3,416</td>
<td>5,150</td>
<td>8,566</td>
</tr>
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<td>182067</td>
<td>NORTHGATE SHOPPING CENTRE</td>
<td>SN</td>
<td>3,079</td>
<td>1,092</td>
<td>4,171</td>
</tr>
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<td>770013</td>
<td>GRAND JUNCTION ROAD, HOPE VALLEY</td>
<td>NCe</td>
<td>2,673</td>
<td>1,458</td>
<td>4,131</td>
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<td>91005</td>
<td>ST BERNARDS ROAD, ROSTREVOR</td>
<td>NCe</td>
<td>1,894</td>
<td>432</td>
<td>2,326</td>
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<tr>
<td>91004</td>
<td>LOWER NORTH EAST ROAD, HIGHTBURY</td>
<td>NCe</td>
<td>1,654</td>
<td>291</td>
<td>1,945</td>
</tr>
<tr>
<td>182002</td>
<td>VALLEY VIEW SHOPPING CENTRE</td>
<td>NCe</td>
<td>1,600</td>
<td>990</td>
<td>2,590</td>
</tr>
<tr>
<td>91030</td>
<td>GLYNBURN VILLAGE</td>
<td>MU</td>
<td>1,078</td>
<td>401</td>
<td>1,479</td>
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<tr>
<td>91003</td>
<td>MONTACUTE ROAD, ROSTREVOR</td>
<td>LCe</td>
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<td>322</td>
<td>1,312</td>
</tr>
<tr>
<td>770012</td>
<td>NORTH EAST ROAD, HOLDEN HILL</td>
<td>NCe</td>
<td>967</td>
<td>2,010</td>
<td>2,977</td>
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<tr>
<td>91029</td>
<td>GLYNBURN ROAD, HECTORVILLE</td>
<td>MU</td>
<td>478</td>
<td>4,020</td>
<td>4,498</td>
</tr>
<tr>
<td>91018</td>
<td>REYNELL ROAD/FOREST STREET, ROSTREVOR</td>
<td>NCe</td>
<td>433</td>
<td>72</td>
<td>505</td>
</tr>
<tr>
<td>91006</td>
<td>ST BERNARDS ROAD, MAGILL</td>
<td>LCe</td>
<td>394</td>
<td>612</td>
<td>1,006</td>
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<tr>
<td>182004</td>
<td>HAMPSTEAD GARDENS SHOPPING CENTRE</td>
<td>NCe</td>
<td>390</td>
<td>1,760</td>
<td>2,150</td>
</tr>
<tr>
<td>91017</td>
<td>MONTACUTE ROAD/NORTHEN ROAD, NEWTON</td>
<td>LCe</td>
<td>312</td>
<td>280</td>
<td>592</td>
</tr>
<tr>
<td>770021</td>
<td>CARMELA SHOPPING CENTRE</td>
<td>LCe</td>
<td>295</td>
<td>362</td>
<td>657</td>
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<td>770024</td>
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<td>1,652</td>
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<tr>
<td>553010</td>
<td>GLYNBURN ROAD/DAVIS ROAD, GLYNDE</td>
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<td>200</td>
<td>495</td>
</tr>
<tr>
<td>553012</td>
<td>GLYNBURN RD/LEWIS RD, GLYNDE</td>
<td>R</td>
<td>278</td>
<td>360</td>
<td>638</td>
</tr>
<tr>
<td>553007</td>
<td>PAYNEHAM ROAD/MARTIN STREET, GLYNDE</td>
<td>R</td>
<td>277</td>
<td>160</td>
<td>437</td>
</tr>
<tr>
<td>182065</td>
<td>FORTH AVE, KLEMGIZ</td>
<td>LCe</td>
<td>262</td>
<td>50</td>
<td>312</td>
</tr>
<tr>
<td>182068</td>
<td>LAKESIDE, OAKDEN</td>
<td>R</td>
<td>250</td>
<td>100</td>
<td>350</td>
</tr>
<tr>
<td>91031</td>
<td>HECTORVILLE ROAD, HECTORVILLE</td>
<td>LCe</td>
<td>250</td>
<td>-</td>
<td>250</td>
</tr>
<tr>
<td>182051</td>
<td>O G ROAD/THAMES AVE, KLEMGIZ</td>
<td>NCe</td>
<td>192</td>
<td>2,310</td>
<td>2,502</td>
</tr>
<tr>
<td>91022</td>
<td>Reid AVENUE/MAGAREY AVENUE, TRANMERE</td>
<td>LCe</td>
<td>187</td>
<td>206</td>
<td>393</td>
</tr>
<tr>
<td>91021</td>
<td>Reid AVENUE/SHIRLEY AVENUE, TRANMERE</td>
<td>LCe</td>
<td>184</td>
<td>231</td>
<td>415</td>
</tr>
<tr>
<td>91032</td>
<td>MOULES ROAD/EGERTON AVENUE, MAGILL</td>
<td>LCe</td>
<td>160</td>
<td>-</td>
<td>160</td>
</tr>
<tr>
<td>182048</td>
<td>MANOORA ST/WESTRALIA ST, GLYNACRES</td>
<td>LCe</td>
<td>150</td>
<td>225</td>
<td>375</td>
</tr>
<tr>
<td>182049</td>
<td>NULLERS ROAD/POOLE ST, HAMPSTEAD GARDENS</td>
<td>C</td>
<td>150</td>
<td>345</td>
<td>495</td>
</tr>
<tr>
<td>91034</td>
<td>STRADBROKE RD, NEWTON</td>
<td>MU</td>
<td>150</td>
<td>700</td>
<td>850</td>
</tr>
<tr>
<td>182015</td>
<td>O G ROAD, KLEMGIZ</td>
<td>NCe</td>
<td>120</td>
<td>1,556</td>
<td>1,676</td>
</tr>
<tr>
<td>770030</td>
<td>VAIlANT ROAD/LOWAN STREET, HOLDEN HILL</td>
<td>LCe</td>
<td>108</td>
<td>348</td>
<td>456</td>
</tr>
<tr>
<td>553009</td>
<td>MARIAN ROAD/BARNES ROAD, GLYNDE</td>
<td>R</td>
<td>108</td>
<td>108</td>
<td>216</td>
</tr>
<tr>
<td>91027</td>
<td>ARTHUR STREET/FISHER STREET, TRANMERE</td>
<td>R</td>
<td>90</td>
<td>127</td>
<td>217</td>
</tr>
<tr>
<td>182001</td>
<td>VALE AVENUE, VALLEY VIEW</td>
<td>NCe</td>
<td>60</td>
<td>875</td>
<td>935</td>
</tr>
<tr>
<td>770022</td>
<td>MODBURY SHOPPING CENTRE</td>
<td>LCe</td>
<td>60</td>
<td>576</td>
<td>636</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>52,665</td>
<td>63,806</td>
<td>116,471</td>
</tr>
</tbody>
</table>

**TOTAL FLOORSPACE**

| Source: Adelaide Retail Database (DPTI, 2007), as updated by Property & Advisory (2019) |

| 85,127 | 121,124 | 206,251 |
As shown, the local area within a 2-kilometre radius of the proposed centre is composed of a range of shopping facilities, with a total of some 32,500sqm of food retail floorspace and 57,000sqm of non-food floorspace. Within a 2 – 4km band from the proposed centre is a further 52,700sqm of food floorspace and 72,000sqm of non-food floorspace.

The total retail floorspace within a 4km radius is approximately 206,000sqm, comprising 85,000sqm of food floorspace and 121,000sqm of non-food.

Figure 2 illustrates the Paradise site’s present food retailing environment graphically.

It shows quite starkly the volume of food floorspace that already exists in the region of the proposed Kaufland supermarket.
In terms of the flow of trade, residents of Paradise and adjoining suburbs are likely to initially gravitate to the District Centres at Gilles Plains or Newton for supermarket purchases. Shopping for non-food items is likely to be satisfied mostly by Gilles Plains and adjoining centres along North East Road.

### 3.3 THE RETAIL CATCHMENT

#### 2.3.1 Socio-Economic Profile

Figure 3 shows the various household income quintile groups for Statistical Area Level 1 Districts around Paradise.

![Figure 3: Household Income Quintile Groups for Statistical Area Level 1 Districts](source)

As shown, much of the region comprises mid-lower low income quintile households, with a band of higher income quintiles adjacent to the River Torrens and in the foothills to the east.
3.4 CATCHMENT POPULATION AND HOUSEHOLD PROJECTIONS

Table 2 shows the population projection for the surrounding SA2 regions over the period from 2016 to 2031, which indicates an overall increase of 13% or thereabouts.

Table 2: Population Projections for Statistical Area 2s Surrounding Paradise

<table>
<thead>
<tr>
<th>SA2 CODE</th>
<th>SA2 NAME</th>
<th>PROJECTED POPULATION</th>
<th>CHANGE 2016-31 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>41010</td>
<td>Uraidla - Summertown</td>
<td>5,603</td>
<td>8.69%</td>
</tr>
<tr>
<td>41016</td>
<td>Rostrevor - Magill</td>
<td>22,321</td>
<td>18.08%</td>
</tr>
<tr>
<td>41015</td>
<td>Paradise - Newton</td>
<td>20,367</td>
<td>21.20%</td>
</tr>
<tr>
<td>41014</td>
<td>Athelstone</td>
<td>9,816</td>
<td>9.94%</td>
</tr>
<tr>
<td>41019</td>
<td>St Peters - Marden</td>
<td>13,826</td>
<td>9.71%</td>
</tr>
<tr>
<td>41018</td>
<td>Payneham - Felixstow</td>
<td>12,592</td>
<td>9.73%</td>
</tr>
<tr>
<td>41022</td>
<td>Walkerville</td>
<td>7,353</td>
<td>0.97%</td>
</tr>
<tr>
<td>41038</td>
<td>Windsor Gardens</td>
<td>19,991</td>
<td>14.47%</td>
</tr>
<tr>
<td>41037</td>
<td>Northgate - Oakden - Gilles Plains</td>
<td>24,538</td>
<td>14.29%</td>
</tr>
<tr>
<td>41040</td>
<td>Ingle Farm</td>
<td>15,352</td>
<td>6.12%</td>
</tr>
<tr>
<td>41051</td>
<td>Highbury - Derhancourt</td>
<td>11,593</td>
<td>15.76%</td>
</tr>
<tr>
<td>41052</td>
<td>Hope Valley - Modbury</td>
<td>16,341</td>
<td>7.82%</td>
</tr>
<tr>
<td>Totals + Weighted Average</td>
<td>179,693</td>
<td>187,755</td>
<td>202,592</td>
</tr>
</tbody>
</table>

Source: DPTI, 2016

The highest growth is expected in Rostrevor-Magill and Paradise-Newton, probably on the back of increased densification of housing lots in those suburbs.

Site allotment size has recently been limited to 250sqm after a review and change to the Campbelltown Development Plan, which will potentially reduce projected population numbers.
4.0 RETAIL ANALYSIS

4.1 FUTURE FLOORSPACE SCENARIOS

For the purposes of this study, we have modelled the development of a centre of some 6,650sqm floorspace at the Paradise site acquired by or for Kaufland, comprising a full-line supermarket of 6,450sqm and 300sqm of ancillary retail space. For the Kaufland, we have allowed 5,500 public area and 950sqm back-of-house. Allowing for a little ancillary non-food, the floorspace modelled is 6,650sqm food and 100sqm non-food.

This scenario may be measured with reference to a retail gravity model, as expounded below. This analysis considers the timing and extent of such a development, based on fully updated floor areas for Paradise and the surrounding Centres, together with household projections to 2036 as outlined in Section 3.4 above.

4.2 RETAIL GRAVITY MODELLING

The core of the methodology used in this study employs a retail gravity model to establish the turnover of food and non-food retailing in existing retail centres and changes in turnover resulting from any expansion of retail facilities at Paradise. The basic inputs to the model are:-

- 2016 Census data on number of households and Department of Planning, Transport & Infrastructure population/household projections for 2021, 2026 and 2031 by Statistical Area 1 (SA1), with a 2036 projection by P&A;
- 2016 household income by quintile group and household retail expenditure on food and non-food retailing by household quintile group (from ABS 2016 Housing and Population Census and ABS 2016 Household Expenditure Survey adjusted to $2018) as described herein; and

The model distributes the sum of household retail expenditure from each SA1 District to retail centres depending on distance and Centre size (using the Huff Algorithm) over 4 intercensal periods (in this instance 2021, 2026, 2031 and 2036). The retail expenditures flowing to all centres under review from all study area SA1s are modelled simultaneously, and the methodology differs from other retail analyses in that there is no need to pre-define “catchments” for the centres studied. The results are presented in current dollars across the whole period.

It is important to note that the model assumes that all retail floorspace is of equal “quality” and equally served by appropriate ancillary facilities such as car parking. P&A considers qualitative differences in the study area and adjust inputs and outputs where local conditions warrant. Examples of such factors are perceived centre quality and ease of parking, and a centre’s relationship to the arterial road network, including any significant barriers to movement. P&A’s model uses the road network to calculate distance between SA1s and the relevant centre.

In the first instance, the existing provision of food and non-food retail floorspace in metropolitan and outer metropolitan centres has been modelled to establish baseline data for comparison with other scenarios.
For the future development scenarios described, the turnover per square metre for selected retail centres within a 4-kilometre radius was recorded to allow the effect of additional floorspace in Paradise to be identified. The results of the modelling have been presented as turnover per square metre, which facilitates ready comparison of Centres and scenarios.

4.3 ANALYSIS

4.3.1 Baseline

Table 3 presents the baseline analysis for selected major centres within a 4-kilometre radius.

<table>
<thead>
<tr>
<th>Table 3: Baseline Turnover for Selected Centres: Existing Floorspace and No New Development ($/sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Centres</strong></td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Newton District Centre</td>
</tr>
<tr>
<td>Gilles Plains Shopping centre</td>
</tr>
<tr>
<td>Campbelltown Shopping Centre</td>
</tr>
<tr>
<td>Athelstone Shopping Centre</td>
</tr>
<tr>
<td>Dernancourt Shopping Centre</td>
</tr>
<tr>
<td>Newton Shopping Centre</td>
</tr>
</tbody>
</table>

The highlighted 2021 turnovers/sqm in this table are taken as ‘benchmark’ figures for both food and non-food retailing and are used to compare turnover/sqm for subsequent scenarios.

Table 3 also shows the turnover per square metre at all of the centres increasing over time, in response to increases in the number of households from which they draw their customers.

Table 4 shows the Table 3 data expressed as percentage increases over the base year.

<table>
<thead>
<tr>
<th>Table 4: Growth in Turnover over the Base year (2016) for Selected Centres: Existing Floorspace and No New Development ($ per sqm)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Centres</strong></td>
</tr>
<tr>
<td>---------------</td>
</tr>
<tr>
<td>Newton District Centre</td>
</tr>
<tr>
<td>Gilles Plains Shopping centre</td>
</tr>
<tr>
<td>Campbelltown Shopping Centre</td>
</tr>
<tr>
<td>Athelstone Shopping Centre</td>
</tr>
<tr>
<td>Dernancourt Shopping Centre</td>
</tr>
<tr>
<td>Newton Shopping Centre</td>
</tr>
</tbody>
</table>
Scenario: Increase Floorspace at the Paradise Kaufland site by 6,450 sqm, being 6,350sqm Food and 100sqm Non-food floorspace

Table 5 shows the effect of such a floorspace increase at the Paradise site on selected other Centres in the region. For modelling purposes, the first full year of operation of the new centre is assumed to be 2021.

Table 5: Scenario 1 - Turnover per sqm with addition of 6,350sqm Food and 100sqm Non-food Floorspace at the Paradise Site

<table>
<thead>
<tr>
<th>Centre</th>
<th>2021</th>
<th>2026</th>
<th>2031</th>
<th>2036</th>
<th>2021</th>
<th>2026</th>
<th>2031</th>
<th>2036</th>
</tr>
</thead>
<tbody>
<tr>
<td>Newton District Centre</td>
<td>7,065</td>
<td>7,393</td>
<td>7,695</td>
<td>8,038</td>
<td>5,467</td>
<td>5,718</td>
<td>5,954</td>
<td>6,218</td>
</tr>
<tr>
<td>Gilles Plains Shopping centre</td>
<td>6,759</td>
<td>7,061</td>
<td>7,285</td>
<td>7,605</td>
<td>3,669</td>
<td>3,835</td>
<td>3,960</td>
<td>4,137</td>
</tr>
<tr>
<td>Campbelltown Shopping Centre</td>
<td>7,312</td>
<td>7,652</td>
<td>7,967</td>
<td>8,318</td>
<td>5,428</td>
<td>5,678</td>
<td>5,913</td>
<td>6,173</td>
</tr>
<tr>
<td>Athelstone Shopping Centre</td>
<td>6,065</td>
<td>6,318</td>
<td>6,585</td>
<td>6,848</td>
<td>4,070</td>
<td>4,239</td>
<td>4,421</td>
<td>4,597</td>
</tr>
<tr>
<td>Dernancourt Shopping Centre</td>
<td>6,128</td>
<td>6,384</td>
<td>6,613</td>
<td>6,903</td>
<td>3,333</td>
<td>3,477</td>
<td>3,607</td>
<td>3,771</td>
</tr>
<tr>
<td>Newton Shopping Centre</td>
<td>6,419</td>
<td>6,709</td>
<td>7,005</td>
<td>7,306</td>
<td>5,924</td>
<td>6,188</td>
<td>6,460</td>
<td>6,735</td>
</tr>
</tbody>
</table>

The modelled results for 2019 indicate that in both food and non-food retailing all of the surrounding retail centres would experience declines in turnover per square metre (indicated by grey shading). In the case of food, the negative effects extend to the 2026 intercensal year, recovering by 2031. In the case of non-food, a very minor effect is felt across-the-board in 2021 but by 2026 and thereafter turnover per square metre shows positive growth when compared to the ‘benchmark’ figures (green shading).

As noted in Section 2.4, it is generally accepted in retail analysis that a negative effect on other centres of less than 5% is not significant, whereas effects between 5-10% would give rise for some concern, and effects above 10% might affect the viability and functioning of retail centres.

The above analysis indicates that the effect of the new development on all the nearby Centres tested is significant for food in all cases except Gilles Plains, which comes in at just under 5%. In the case of non-food, the very minor effect is not sufficient to give rise to concerns for the future commercial health of nearby Centres.
5.0 PROVISION OF GOODS AND SERVICES

We are instructed to assess whether or not the proposed Kaufland development at Paradise is considered to result in the “rational, economic and convenient provision of goods and services”, as required by Development Plan policy.

This is criteria that may produce a somewhat subjective assessment. Clearly, from Kaufland’s standpoint, the location of one of its stores in the selected location is economically rational, or it would not be proposing the development. Presumably it has done its due diligence and decided that a supermarket in Paradise will be profitable.

On the other hand, previous sections of this report indicate that the region is already well provided with retail floorspace in general and supermarket floorspace in particular. Whether it is rational to introduce more floorspace into a market which, as against national rates of floorspace provision, is already well catered for is arguable.

Section 4 indicated that the effect of an introduction of a new supermarket of 6,150sqm would be significantly detrimental to most other nearby centres in the first instance.

Against these criteria it is apparent that convenient access to goods and services is already provided for. The addition of further facilities will undoubtedly increase competition and this may generate lower prices for consumers as a result. The proposed supermarket, being a new offering by Kaufland, will also add new brands and increase consumer choice. As indicated in the Dimasi & Co reports on other Kaufland developments, this could be interpreted as increasing convenience.

Conversely, the introduction of Kaufland will decrease profitability at the margins and, over the long term, could result in small traders in the food sector exiting the marketplace, which would decrease convenience and consumer choice.
6.0 SCALE

We are instructed to assess whether or not the proposed scale of development will cater for “the day to day needs of local residents and workers” or is targeted at a neighbourhood/sub-district level retail catchment.

On a related question, we are instructed to comment on the likely purpose behind the general floor area cap of 1,000 square metres gross leasable area in the Zone Core Area, as identified within the City of Campbelltown’s Development Plan Regulations for the Suburban Activity Zone (Principle 6).

As a first observation, and as noted in Sec 2.2, Kaufland’s business model, and the Kaufland value proposition, differ from both Coles and Woolworths in that... Kaufland stores are larger footprint stores designed to serve relatively extensive trade areas.

Beyond this, it is apparent that the proposed development will cater for “the day to day needs of local residents and workers”, as this is broadly what supermarkets do. In addition, it is anticipated by reference to Kaufland’s business model that the proposed development will accommodate approximately 20% non-food items and special buys (much in the vein of Aldi, but on a larger scale). It could therefore be surmised that as well as catering for day-to-day needs, the proposed supermarket will go slightly beyond that to also offer occasional purchases that satisfy longer term needs.

In reality, this is not an either/or proposition. The scale of the proposed development at 6,450sqm is comfortably within what would normally be associated with a “Neighbourhood Centre” categorisation and, if “District Centre” is a scale within the range 10,000 – 20,000sqm, it is getting up towards that range.

What is perhaps more to the point is that a single supermarket of this scale appears inconsistent with the 1,000sqm cap incorporated into the Suburban Activity Node Zone in Campbelltown’s Development Plan. It is apparent that the zone was intended to accommodate new residents at medium-high density; those residents being afforded greater convenience by their close access to the O-Bahn.

In order to provide such residents with convenience retail, it was envisaged that sufficient quantity of retail floorspace would be included in the resultant developments such that these residents would not need to use their cars to secure their day-to-day needs. This might have been accomplished by a sub-1,000sqm supermarket, together with take-away food, restaurants, cafes and the like, augmented by a range of non-food categories such as chemist, dry cleaning, real estate agencies, newsagent, etc. In other words, mixed used development with medium-high residential predominating.

With this vision in mind, it is apparent that the purpose of stipulating a general floor area cap of 1,000 square metres gross leasable area in the Zone Core Area was to preclude just such a development as that proposed by Kaufland and, instead, to foster smaller scale retailing aimed at the convenience needs of a new local population. Such a provision contains significantly more floorspace than the old Local Centre designation, being a quantity more in line with “Neighbourhood Centre” but with a diversity of small-scale tenants and offerings.
It may therefore be concluded that whilst the proposed Kaufland may indeed provide for the day to day needs of local residents and workers, siting it within the zone is inconsistent with the vision that the City of Campbelltown had when it created the zone. Rather, its large floorplate diminishes the potential for the development of a cosmopolitan precinct around the interchange and reduces the likelihood that a diversity of retail uses will occur elsewhere in the zone. This observation is reinforced by the fact that it runs counter to the 1,000sqm general floor area cap, which in our view is in place to promote just such a cosmopolitan environment. The supply of 450 car parks and 3.6 ha of land devoted to a 5,500sqm supermarket is of a scale that is beyond what might serve a local customer. The volume of car parks included seems to anticipate a larger catchment than that drawn by a 1000sqm shop.

It is apparent that a 5,500sqm supermarket would require more than a local catchment of local residents and workers to be viable. This observation is supported by the Dimasi & Co report on the Prospect site, which anticipates a significantly larger catchment than that of a ‘regular’ supermarket, within a comparable urban setting.
7.0 **ROLE OF PARADISE INTERCHANGE**

We are instructed to comment on the likely potential for Kaufland to “pull in” customers from the O-Bahn interchange.

The Paradise interchange is one of only two stops on the O-Bahn busway between Adelaide’s CBD and Modbury. It handles approximately 5,300 passenger movements per day\(^\text{10}\). Many of those passengers drive private vehicles to the interchange. Due to those vehicles routinely filling the interchange’s car park, the overflow is parked on Darley Road as well as on the site of the proposed Kaufland store.

In the most recent budget, the State Government allocated funds to provide an additional 300 parking spaces at the Paradise interchange, raising the total number to 775. The Government has indicated that this is a priority project that is expected to be completed in the first half of 2020. These works will accommodate the current overflow, and are also expected to allow for growth of interchange usage.

The figure of 5,300 passenger movements likely represents 2,650 commutes per day. Of these, it would be reasonable to estimate that significantly less than 1,000 persons travel to the interchange by private vehicle. The balance use feed-in public transport, with a smaller proportion that walk in from surrounding residential areas or access by bicycle.

It is unlikely that those riding feed-in buses to and from the interchange would utilise the Kaufland store on their homeward journey. This would involve them leaving the interchange and walking to Kaufland to do their shopping, then returning to the interchange to make their onward journey – a round trip, on foot, of some 1.2 kilometres.

With these factors in mind, it is possible to construct a very notional model (i.e. based on known data and reason, not on empirical study) of the propensity of O-Bahn patrons to, on average, shop at the Kaufland each day. This is presented at Table 7.

<table>
<thead>
<tr>
<th>Mode</th>
<th>Percentage</th>
<th>Number</th>
<th>Kaufland Probability</th>
<th>Kaufland Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Public transport</td>
<td>65%</td>
<td>1,723</td>
<td>5%</td>
<td>90</td>
</tr>
<tr>
<td>Walk</td>
<td>5%</td>
<td>133</td>
<td>5%</td>
<td>10</td>
</tr>
<tr>
<td>Bike</td>
<td>5%</td>
<td>133</td>
<td>10%</td>
<td>10</td>
</tr>
<tr>
<td>Private Vehicle - left turn</td>
<td>15%</td>
<td>398</td>
<td>10%</td>
<td>40</td>
</tr>
<tr>
<td>Private vehicle - right turn</td>
<td>10%</td>
<td>265</td>
<td>20%</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>100%</td>
<td>2,650</td>
<td></td>
<td>200</td>
</tr>
</tbody>
</table>

The rationale for the figures in Table 7 is:

- there is currently 475 spaces at the Park-n-ride, plus some overflow, so (say) 550 vehicles park at the interchange each day;

\(^{10}\) InDaily 29-8-19, “Budget to fund Paradise and golden Grove Park-and-rides”
it would be expected that a proportion of these would have multiple passengers;

of the balance of passengers, the majority would catch connecting buses on feeder routes;

the patrons most likely to shop at Kaufland would utilise private vehicles;

interchange patrons are more likely to live north of the interchange than south; and

south-bound drivers are more likely to stop at Kaufland on their way home than north-bound, as the latter would require two right-hand turns onto Darley Road at peak hour.

From this discussion, the following conclusions may be drawn:

a proportion of the interchange’s 2,650 daily patrons will stop and utilise Kaufland’s facilities on their way home. Since these come from wider afield than a traditional supermarket trade area, it could be inferred that Kaufland will service a larger catchment than traditionally associated with supermarket development;

c this is more likely to occur in the case of patrons utilising private vehicles than other forms of transport;

of these, south-bound drivers are more likely to utilise Kaufland than north-bound. The latter will prefer Gilles Plains Shopping Centre – with Woolworths, Aldi and multiple specialty shops just 1.6 kilometres to the north – over two right hand turns onto Darley Road required to access Kaufland and then continue on to the north after doing their shopping; and

as regards O-Bahn passengers driving south after their journey, the immediate dis-beneficiaries of a Kaufland at Paradise are likely to be the Newton Central Shopping Centre and the Campbelltown Shopping Centre.

It is concluded that while a Kaufland store adjacent the Paradise Interchange might pull some custom from a wider area than would otherwise be the case, the extent of this pull would be muted on account of localised travel modes and paths of commuters using the interchange.

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11 Application to SCAP for the Park’n’Ride upgrade Figure 3.3 shows the largest volume of cars come from Athelstone, followed by Dernancourt and Highbury, which have a southern approach. However, the third quintile of volume shows three suburbs south and nine suburbs north. A broad estimate on this basis is that 55% of vehicle patrons come from the north and 45% from the south.
8.0 BIBLIOGRAPHY

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Australian Bureau of Statistics:-
   Housing and Population Census (2016);
   Household Expenditure Survey (2016), adjusted by Property & Advisory 2018


Application to SCAP for the Park’n’Ride upgrade