

## **Appendix 9 – Economic Impact Assessment**

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266 VICTORIA ROAD AND 26 KISSING POINT ROAD  
RYDALMERE

ECONOMIC IMPACT ASSESSMENT

PROPERTY NSW  
NOVEMBER 2016

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# EXECUTIVE SUMMARY

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## INTRODUCTION AND BACKGROUND

Elton Consulting on behalf of Property NSW are preparing a planning proposal to amend the planning controls pertaining to 266 Victoria Road and 26 Kissing Point Road, Rydalmere (the Site) to allow for the redevelopment of surplus land in Rydalmere to create a new mixed use precinct.

The new precinct will provide a high density residential development with a diverse range of housing, retail and commercial development with the opportunity for research and education related employment in close proximity to existing and planned public transport nodes. The proposal will allow for the provision of up to 3,000 dwellings, with up to 40,000sqm of retail and commercial floor space (hereafter referred to as 'the Proposal').

The proposal will also deliver community facilities, a significant public open space network and a new public domain to meet the needs of the new community.

## GREATER PARRAMATTA AND THE OLYMPIC PENINSULA

*A Plan for Growing Sydney* designates Parramatta LGA for significant population and employment growth toward 2031. The Plan places an emphasis on growth in Greater Parramatta and the Olympic Peninsula.

The recently released Vision for Greater Parramatta and the Olympic Peninsula refines the intentions of *A Plan for Growing Sydney* and acknowledges major infrastructure projects that are committed to the area including Parramatta Square (and new WSU campus), Parramatta Light Rail and WestConnex. New living and working communities connected by light rail are envisioned for areas including Rydalmere, Parramatta North and Parramatta CBD with areas within 1km of new light rail stops also targeted for growth.

The Site is within the *Next Generation Living Precinct*, a living, learning and leisure district which will comprise a mix of medium to high-density housing types with nearby education, research, retail, recreation and entertainment facilities providing all the conveniences of inner-city living. The Site itself is identified as "Smart Living: Rydalmere":

*"The 19-hectare site opposite the Western Sydney University's campus at Rydalmere will be redeveloped with a mix of housing types to cater for people seeking an inner-city lifestyle next door to a great university campus. This redevelopment will contain retail and commercial uses - designed to suit businesses seeking to build strong relationships with this world-class institution".*

The following directions to drive the GPOP Vision are relevant to the proposal:

- Design Parramatta as our central '30-minute city', with good connectivity within GPOP and beyond to the north, south, east and west
- Deliver a rich mix of housing to create inclusive and diverse 'inner-city' liveability across GPOP, to attract and retain talent.
- Shape attractive and effective built environments and public spaces that reflect a focus on great urban design and environmental excellence.

### Need for the Proposal

The Parramatta economy is changing - it is poised to experience significant growth in line with its strategic objectives and public investment in infrastructure. A variety of factors, some local and many global are changing the make-up and economic structure of Parramatta. Employment losses in traditional industrial sectors like manufacturing and wholesale trade have given way to increases in healthcare, public administration and numerous professional services, as Parramatta continues to evolve as an economic centre and destination.

Up to 40,000sqm of commercial floorspace as envisaged in the Proposal will contribute to accommodating some of the key categories of floorspace demand. This commercial floorspace and proposed new dwellings will contribute to the Site's role in Greater Parramatta and the Olympic Peninsula (specifically in the Next Generation Living precinct).

Allowing for a mix of uses to occur on otherwise redundant sites allows it to become self-sustaining, i.e. residents who live there have all their day-to-day needs met including employment, shopping, services and recreation needs. Facilitating a mix of residential, shopping, entertainment, education-related and commercial uses can ensure a critical mass of residents and local jobs to support a vibrant precinct.

The Proposal will assist in meeting the changing employment needs of the Parramatta LGA by providing a range of uses including: education, retail, community uses and residential, contributing to the vision for Next Generation Living Precinct.

## ECONOMIC IMPACT ASSESSMENT

### Employment and Economic Activity Supported

Once completed and fully operational, the redeveloped Site is estimated to contribute annually to the Parramatta local economy as follows:

**Table ES.1: Employment Economic Activity**

Economic Impacts	Proposal	Increase from Base Case
<b>Direct Impact</b>		
Output (\$M)	\$113.5	\$97.8
Contribution to GRP (\$M)	\$80.6	\$67.6
Incomes and Salaries to Local Workers (\$M)	\$50.9	\$41.5
Employment (FTE)	644	513
<b>Indirect Impact</b>		
Output (\$M)	\$216.4	\$185.6
Contribution to GRP (\$M)	\$118.7	\$101.8
Incomes and Salaries to Local Workers (\$M)	\$54.8	\$47.1
Employment (FTE)	730	626

Note: Totals may not sum due to rounding.

Source: AEC

Output	Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
Gross Product	Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
Income	Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
Employment	Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of full-time equivalent (FTE) positions.

### Household Spend

Once the Site is fully developed and occupied, households locating within the proposed development are estimated to contribute the following annual economic activity on an ongoing annual basis:

- Output of \$385 million (including nearly \$150 million directly injected into the economy).
- A \$210 million contribution to GRP (including over \$80 million in direct impacts).
- Wages and salaries of approximately \$105 million (including over \$45 million paid to labour as a result of direct impacts).

- FTE employment of approximately 1,600 positions (including 840 direct FTE jobs).

It should be noted that no allowance for the relocation of existing local households into the redeveloped site have been made in developing these estimates.

## CONCLUSION

The Proposal would facilitate a more intensive use of a valuable and scarce land resource. The mix of uses envisaged will contribute to development of the Next Generation Living Precinct as well as to Council's aspirations for a high-technology and knowledge precinct that leverages WSU to the south. The strategic positioning of the commercial floorspace to accommodate education, knowledge and technology uses in the south of the Site recognises the synergistic opportunities with WSU to the south of Victoria Road.

Once fully developed and operational, the economic impacts associated with the Proposal are estimated to be significant - contributing to the vision of "**Smart Living: Rydalmere**" and assisting to provide housing for Parramatta's robust population growth.

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# 1. INTRODUCTION

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## 1.1 INTRODUCTION AND BACKGROUND

### 1.1.1 Introduction

This report has been prepared on behalf of Property NSW to support a planning proposal to amend the Parramatta Local Environmental Plan (PLEP) 2011 to allow for the redevelopment of surplus land in Rydalmere to create a new mixed use precinct.

The new precinct will provide a high density residential development with a diverse range of housing, retail and commercial development with the opportunity for research and education related employment in close proximity to existing and planned public transport nodes. The proposal will allow for the provision of up to 3,000 dwellings, with up to 40,000sqm of retail and commercial floor space (hereinafter referred to as ‘the Proposal’).

The proposal will also deliver community facilities, a significant public open space network and a new public domain to meet the needs of the new community.

### 1.1.2 Background

Comprising two adjoining land parcels, the Ageing, Disability and Home Care (ADHC) facility at 266 Victoria Road, Rydalmere and the former Macquarie Boys High School (MBHS) at 26 Kissing Point Road, the site encompasses approximately 19.4ha in the City of Parramatta LGA. The MBHS was closed by the Department of Education in 2008 and the site has been vacant since that time. The ADHC facility is still in operation, however, the site has become surplus to requirements and will be vacated by mid-2017. Collectively both properties are referred to as “the Site”.

Property NSW on behalf of Family and Community Services (FACS) and Department of Education (DE) have been charged with responsibility of divesting the site.

The site is located north of Rydalmere train station, on the north eastern corner of James Ruse Drive and Victoria Road intersection, bounded to the north by Kissing Point Road and Vineyard Creek. The site is a 7-10 minute walk from Rydalmere train station, with the potential for improvements in connectivity to further enhance accessibility. Western Sydney University’s North Parramatta and Parramatta campuses lie to the west and south of the Site offering the potential for synergies between education, research and employment.

The divestment and redevelopment of the site offers opportunities to:

- Provide a significant urban infill opportunity within the City of Parramatta LGA aligning with the broader Government objectives and the Sydney Metropolitan strategy to increase and accelerate housing supply.
- Optimise the site’s strategic location relative to the proposed Western Sydney Light Rail network in terms of increasing density along public transport corridors.
- Support FACS and DE’s commitment to recycling of capital investment in new facilities to meet the needs of the community and maintenance programs.
- Reduce liabilities through the disposal of underutilised assets deemed to be surplus to need and unsuitable for redevelopment for meet the needs of the agencies.

In line with the above and to provide certainty of housing supply to the market, job creation and development of underutilised assets, Property NSW has developed a concept plan to guide redevelopment of the Site. The concept plan seeks to satisfy the NSW Government’s priorities for the precinct:

- Create a sustainable community with access to employment and education opportunities, community facilities and a high quality of life.
- Improve connectivity between the site and its surrounds in terms of transport, pedestrian and cycling networks and the open space network.
- Create a high quality public domain that is legible and activates the precinct.



- Enhance the riparian corridor along the boundary of the site with the potential to deliver the missing link in the Vineyard Creek Corridor and to support the development of Sydney's Green Grid.

To realise the vision for the site articulated in the concept plan, an amendment to the Parramatta Local Environmental Plan (PLEP) 2011 is required to rezone the site from R2 Low Density Residential and SP2 Infrastructure to B4 Mixed Use, R4 High Density Residential and RE1 Public Recreation.

## 1.2 PURPOSE AND STRUCTURE OF THE STUDY

AEC Group (AEC) is engaged by Property NSW to prepare an Economic Impact Assessment (EIA) to analyse the economic impacts likely to result from the proposed planning controls amendments and subsequent redevelopment of the Site. The economic impacts that could result from a redevelopment of the Site are analysed in the context of the Proposal (Masterplan).

The purpose of the EIA is to consider whether the direct economic impacts of the Proposal are net positive compared to the existing uses. An economic impact that affects the level of economic or social activity generated in a defined area can be either positive or negative. The assessment of likely impacts resulting from a particular development proposal allows for the identification, prediction and where possible quantification, of impacts as either likely benefits or negative impacts.

The EIA has been structured in the following chapters.

**Chapter 2** analyses key State and local government policies as are relevant.

**Chapter 3** considers Parramatta's historic and future growth expectations, the key industries likely to grow in the future and Parramatta's strategic employment precincts.

**Chapter 4** reviews the Precinct and how employment in the precinct has transitioned over time. The chapter also investigates the role the Precinct could play in the future in consideration of overall growth in Parramatta and proposed catalytic infrastructure.

**Chapter 5** assesses the economic impacts of the masterplan by investigating two scenarios, these include:

- The Base Case: the economic impacts of the Site in its existing use (i.e. no change to planning controls).
- Proposal Case: this scenario assumes that the Site's planning controls are amended and it is redeveloped in the manner envisaged by the Proposal.

**Chapter 6** translates the key findings from Chapters 2 to 5 and applies them in the assessment of the Proposal against policy considerations.

## 2. PLANNING POLICY AND CONTEXT

### 2.1 STATE PLANNING POLICY

There are a number of strategic policy documents which relate to Parramatta City Council and the Precinct. A review of the NSW policy framework as relevant to the Precinct is provided below.

#### 2.1.1 A Plan for Growing Sydney (2014)

A Plan for Growing Sydney (DP&E, 2014a) (the Plan) sets the strategic direction for Sydney towards 2031. The overarching vision is that by 2031, Sydney will be “a strong global city, a great place to live”. The Plan is built around four key goals:

- **Goal 1:** A competitive economy with world-class services and transport.
- **Goal 2:** A city of housing choice with homes that meet our needs and lifestyles.
- **Goal 3:** A great place to live with communities that are strong, healthy and well connected.
- **Goal 4:** A sustainable and resilient city that protects the natural environment and has a balanced approach to the use of land and resources.

#### Goal 1: A competitive economy with world-class services and transport

Of particular relevance to this Study is Goal 1 “a competitive economy with world class-services and transport”. One of the key directions/actions of this goal is:

#### **Direction 1.2: Grow Greater Parramatta - Sydney’s Second CBD**

Greater Parramatta includes the Parramatta CBD and the precincts of Westmead Health, Parramatta North, Rydalmere Education and Camelia. The Site is located within the Rydalmere Education Precinct.

- Grow Parramatta as Sydney’s second CBD by connecting and integrating Parramatta CBD, Westmead, Parramatta North, Rydalmere and Camellia. The Plan states that Greater Parramatta has the potential to reach 100,000 jobs over the next 20 years. Greater Parramatta is identified in **Figure 2.1**.
- Grow the specialised health and education precincts at Westmead and Rydalmere. The Government will:
  - expand and build on the existing strengths of the Westmead Health Precinct by improving public spaces and renewing the precinct;
  - encourage higher education facilities to develop Rydalmere as Western Sydney’s premier university precinct;
  - facilitate improved public transport, cycling and walking connections between Westmead and Rydalmere through the Parramatta CBD, investigate improved connections to Macquarie Park, and investigate options to enhance a Parramatta City Ring Road; and
  - grow knowledge jobs in Western Sydney and encourage innovation by investigating the potential for a new business park.
- Renew Parramatta North to create a vibrant mixed-use precinct.

The Plan also states the following intentions in regard to the Rydalmere Education Precinct.

#### ***Rydalmere Education Precinct***

- Plan Rydalmere Education Precinct as Western Sydney’s premier higher education precinct.
- Investigate the potential for a business park around the University of Western Sydney at Rydalmere linked to the specialisations of the University.
- Support education-related land uses and infrastructure around the University of Western Sydney.

- Improve transport connections between the University of Western Sydney and Rydalmere train station to enhance connections for pedestrians.

**Figure 2.1: Strategic Context of Greater Parramatta and Olympic Peninsula**



### **Direction 1.7: Grow Strategic Centres - Providing More Jobs Closer to Home**

Greater Parramatta (where the Site is located) is designated as a Strategic Centre. The Plan states that concentrating office development in strategic centres that are easy to get to benefits businesses and provides the opportunity for workers to access specialist jobs. In addition, delivering more housing through targeted urban renewal around centres on the transport network will provide more homes closer to jobs and boost the productivity of the city. The following key action is of relevance to this Report.

*Action 1.7.1: Invest in Strategic Centres Across Sydney to Grow Jobs and Housing and Create Vibrant Hubs of Activity*

Investment in strategic centres will focus on removing the barriers to investment and economic activity. The Government will prioritise strategic centres for targeted investment based on the potential of a centre to:

- Provide a large number of jobs to increase jobs close to where people live;
- Attract significant investment;
- Provide a range of services and be an attractive place to live, work and play; and
- Continue to grow.

### **Direction 1.10: Plan for Education and Health Services to meet Sydney's Growing Needs**

This direction states that delivering schools, tertiary education facilities and health facilities that meet the needs of Sydney's growing and changing population will be integral to maintaining Sydney's competitive edge and standard of living into the future.

### **Goal 2: A City of Housing Choice**

Another goal of relevance is *Goal 2: A city of housing choice, with homes that meet our needs and lifestyles*. The following key directions/actions are of relevance to this Report.

- **Accelerate housing supply and local housing choice (Direction 2.1/Action 2.1.1)**

The Plan states the Government is working to achieve its target of an additional 664,000 new dwellings in Sydney by 2031. The Plan acknowledges that increasing housing supply and addressing housing affordability and choice will assist in reaching the target.

*Working with the market to deliver new housing*

Importantly the Plan acknowledges that Government and local councils need to understand and respond to the housing market in each and every Local Government Area. The housing market reflects consumer demand and willingness to pay for particular types of housing in particular locations.

It is the role of the private sector to build new houses. The private sector will only develop housing on rezoned Site where there is sufficient consumer demand for it, at a price that provides a return to the developer. Local councils should assist housing production by identifying and rezoning suitable Site for housing.

- **Accelerate urban renewal across Sydney – providing homes closer to jobs (Direction 2.2/Action 2.2.2)**

A Plan for Growing Sydney focuses new housing in centres which have public transport that runs frequently and can carry large numbers of passengers.

- **Improve housing choice to suit different needs and lifestyles (Direction 2.3)**

The Plan states as the population ages, many people will choose to downsize their homes. Most people will prefer to remain in their communities – around 50 per cent of people looking to purchase a new house stay within their current Local Government Area. To respond to these issues, the Government will introduce planning controls that increase the number of homes in established urban areas.

*Action 2.3.3 Deliver more opportunities for affordable housing* recognises it is important to supply housing for people on very low, low and moderate incomes. People in lower income brackets that spend more than 30 per cent of their gross income on rent are said to be experiencing rental stress.

The Plan states that in order to respond to these issues, the Government will introduce planning controls that increase the number of homes in established urban areas to take advantage of public transport, jobs and services.

### **Goal 3: Sydney's Great Places to Live**

Goal 3 and the associated *Direction 3.1: Revitalise existing suburbs* emphasises that focusing new housing within Sydney's established suburbs brings real benefits to communities and makes good social and economic sense. This type of development lowers infrastructure costs; reduces the time people spend commuting to work or travelling between places.

Furthermore, Direction 3.2 Create a network of interlinked, multipurpose open and green spaces across Sydney. A Plan for Growing Sydney aims to improve the quality of green spaces and create an interconnected network of open spaces and parks, tree-lined streets, bushland reserves, riparian walking tracks and National Parks. The Proposal seeks to do this by enhancing the riparian corridor along the boundary of the site with the potential to deliver the missing link in the Vineyard Creek Corridor and to support the development of Sydney's Green Grid.

### 2.1.2 Section 117 Direction

Under Section 117(2) (S117(2)) of the Environmental Planning and Assessment Act 1979 the Minister for Planning and Infrastructure provides directions to planning authorities regarding proposals lodged with the DP&E.

Of relevance to this EIA is Section 3.1 Housing, Infrastructure and Urban Development which stipulates the objectives of S117(2) which are as follows:

- To encourage a variety and choice of housing types to provide for existing and future housing needs.
- To make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services.
- To minimise the impact of residential development on the environment and resource lands.

Given that S117 (2) applies in this case, a Planning Proposal must include the provision of housing that will:

- Broaden the choice of building types and locations available in the housing market, and
- Make more efficient use of existing infrastructure and services, and
- Reduce the consumption of land for housing and associated urban development on the urban fringe, and
- Be of good design.

A planning proposal must, in relation to land to which this direction applies:

- Contain a requirement that residential development is not permitted until land is adequately serviced (or arrangements satisfactory to the council, or other appropriate authority, have been made to service it), and
- Not contain provisions which will reduce the permissible residential density of land.

### 2.1.3 NSW Draft Centres Policy, Net Community Benefit Test (2009)

The NSW Draft Centres Policy (2009) states that a 'net community benefit' is deemed to arise when the sum of the benefits of a rezoning are greater than the sum of all costs from a community welfare perspective (i.e. welfare effects).

The requirements of a NCBT are that it evaluates the external costs and benefits of the proposal to the community which should be assessed against a base case or cases (i.e. retaining the existing zoning or locating the development on appropriately zoned land in a centre).

The Draft NSW Centres Policy (DoPI, 2009) specifies criteria which should be used to examine the merits of proposed rezonings which would facilitate the development of retail and commercial floorspace compared to the base case. Although the Proposal would not result in significant retail or commercial floorspace being developed, a review of this guidance still provides a useful informative of the type of aspects that the NCBT should consider. The criteria are as follows:

- Will the LEP be compatible with agreed State and regional strategic direction for development in the area (e.g. land release, strategic corridors, development within 800 metres of a transit node)?
- Is the LEP located in a global/regional city, strategic centre or corridor nominated within the Metropolitan Strategy or other regional/subregional strategy?
- Is the LEP likely to create a precedent or create or change the expectations of the landowner or other landholders?
- Have the cumulative effects of other spot rezoning proposals in the locality been considered? What was the outcome of these considerations?
- Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?
- Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?

- Is the existing public infrastructure (roads, rail, utilities) capable of servicing the proposed site? Is there good pedestrian and cycling access? Is public transport currently available or is there infrastructure capacity to support future public transport?
- Will the proposal result in changes to the car distances travelled by customers, employees and suppliers? If so, what are the likely impacts in terms of greenhouse gas emissions, operating costs and road safety?
- Are there significant Government investments in infrastructure or services in the area whose patronage will be affected by the proposal? If so, what is the expected impact?
- Will the proposal impact on land that the Government has identified a need to protect (e.g. land with high biodiversity values) or have other environmental impacts? Is the land constrained by environmental factors such as flooding?
- Will the LEP be compatible/complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?
- Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?
- If a stand-alone proposal and not a centre, does the proposal have the potential to develop into a centre in the future?
- What are the public interest reasons for preparing the draft plan? What are the implications of not proceeding at that time?"

## 2.2 DISTRICT PLANS

In accordance with *A Plan for Growing Sydney*, there are six districts, these include: Central, West Central, West, North, South West and South. The Site is located within the West Central district.

Prior to release of the West Central District Plan, a Vision for Greater Parramatta and Olympic Peninsula (GPOP) has been released (GSC, 2016). The Vision for GPOP refines the intentions for the growth area as identified in *A Plan for Growing Sydney* and is shaped around four distinct quarters:

- **Parramatta CBD and Westmead** Health and Education Super Precinct.
- **Next Generation Living** from Camellia to Carlingford.
- **Essential Urban Services, Advanced Technology and Knowledge Sectors** in Camellia, Rydalmere, Silverwater and Auburn.
- **Olympic Park Lifestyle** Super Precinct.

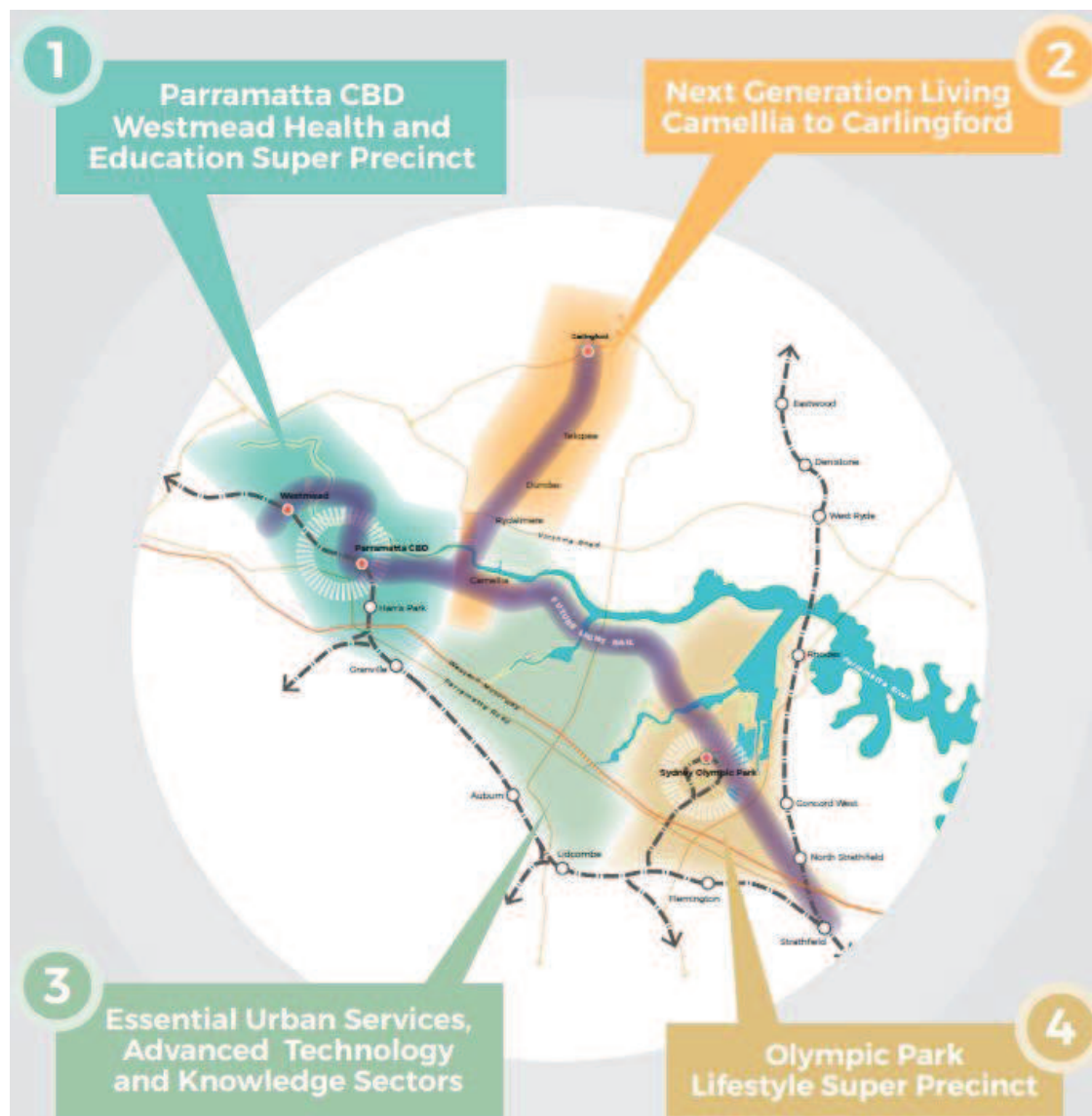
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*"The 19-hectare site opposite the Western Sydney University's campus at Rydalmere will be redeveloped with a mix of housing types to cater for people seeking an inner-city lifestyle next door to a great university campus. This redevelopment will contain retail and commercial uses - designed to suit businesses seeking to build strong relationships with this world-class institution".*

The following directions to drive the GPOP Vision are relevant to the proposal:

- Design Parramatta as our central '30-minute city', with good connectivity within GPOP and beyond to the north, south, east and west
- Deliver a rich mix of housing to create inclusive and diverse 'inner-city' liveability across GPOP, to attract and retain talent.
- Shape attractive and effective built environments and public spaces that reflect a focus on great urban design and environmental excellence.

Figure 2.2: Greater Parramatta and Olympic Peninsula



Source: GSC (2016)

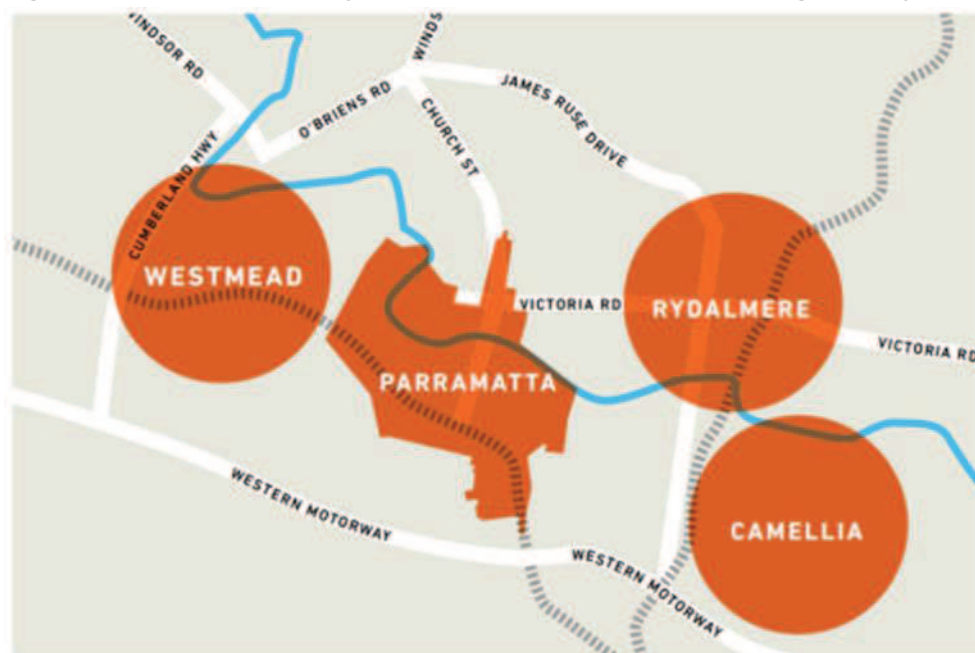
## 2.3 LOCAL PLANNING POLICY

### Parramatta Economic Development Strategy (2011-2016)

This strategy was prepared in response to the vision contained in the Government's 'NSW 2021' State Plan and the employment goals of the Metropolitan Plan seeking the creation of 280,000 net additional jobs in Western Sydney including 27,000 new jobs in Parramatta CBD and 7,000 in Westmead by 2036.

Of particular relevance the Strategy states that by 2036 Parramatta will consist of four specialised and interconnected employment centres, these include: Parramatta CBD, Westmead, Rydalmere and Camellia. It envisages that these centres will accommodate the majority of jobs in the Parramatta LGA.

**Figure 2.3: Specialised Employment Precincts for Increased Knowledge Employment**



Source: PCC (2011)

The Strategy identifies six priorities, of particular relevance is the priority area “to promote and accommodate jobs growth and house the workforce of the future”. The priority area has three strategies, two of these are of relevance to this Study.

- **Activating the CBD property market**

Recognising the significant amount of Council owned land in the CBD, Council plans to convert them to valuable residential, commercial and public open space in the next 5-10 years. These Site include: Civic Place alongside the station, a series of city centre carpark Site and large parcels of the Parramatta River foreshore.

- **Renewing three specialist employment precincts**

The Strategy identifies that treating Rydalmere, Camellia and Westmead as potential ‘specialised centres’ will give Parramatta the best chance of exceeding job targets, maximising the city’s university asset, broadening the city’s economic base and projecting a knowledge-based identity to the outside world. It will also provide an advantage for Sydney by increasing employment in one of Sydney’s most highly accessible locations.

## 2.4 SUMMARY OF KEY FINDINGS

*A Plan for Growing Sydney* designates Parramatta LGA for significant population and employment growth toward 2031. The Plan places an emphasis on growth in Greater Parramatta and the Olympic Peninsula.

The recently released Vision for Greater Parramatta and the Olympic Peninsula refines the intentions of *A Plan for Growing Sydney* and identifies the Site as “Smart Living Rydalmere” which is located in the “Next Generation Living Precinct”.

The GPOP Vision acknowledges major infrastructure projects that are committed to the area including Parramatta Square (and new WSU campus), Parramatta Light Rail and WestConnex. New living and working communities connected by light rail are envisioned for areas including Rydalmere, Parramatta North and Parramatta CBD with areas within 1km of new light rail stops also targeted for growth.

The Site in particular, is envisaged to be redeveloped with a mix of housing types to cater for people seeking an inner-city lifestyle with retail and commercial uses designed to suit businesses seeking to build strong relationships with WSU.



## 3. HISTORICAL AND FUTURE EMPLOYMENT GROWTH OF PARRAMATTA

### 3.1 THE VISION FOR GREATER PARRAMATTA

The *A Plan for Growing Sydney* (DP&E, 2014a) identifies Parramatta as Sydney's second CBD. It also states that Greater Parramatta has the potential to reach 100,000 jobs over the next 20 years.

Greater Parramatta is defined to include the following precincts in Parramatta: Parramatta CBD, North Parramatta, Westmead, Rydalmere Education Precinct and Camellia. The overarching priorities for Greater Parramatta are:

Recognise and plan Greater Parramatta's a transformational place.

- Plan Greater Parramatta as Sydney's second CBD and Western Sydney's number one location for employment and health and education services, supported by a vibrant mixture of land uses and cultural activity, with the Parramatta River foreshore as a focus for recreational activities.
- Provide capacity for long-term employment growth in Greater Parramatta, particularly in its CBD.
- Provide capacity for additional mixed-use development in Parramatta CBD and surrounding precincts including offices and retail in Parramatta CBD, health services in Westmead, an education hub around the new University of Western Sydney Campus, a technology and education precinct in Rydalmere, arts and culture in Parramatta, a sports precinct around Parramatta Stadium and housing in all precincts.
- Improve transport connections between Greater Parramatta and other Western Sydney centres and precincts, commencing with Macquarie Park via Carlingford, Castle Hill via Old Northern Road, Bankstown and Sydney Olympic Park.

#### Proposed Parramatta Light Rail

In December 2015, the NSW Government announced commitments to a light rail route through Greater Parramatta connecting Westmead Hospital, Parramatta North, Parramatta CBD and Camellia as the foundation for a wider light rail network that could be developed in stages to meet the emerging transport needs of the region.

The baseline route is a 22 km corridor connecting Parramatta to Strathfield with a branch to Carlingford.

The PLR will assist in alleviating significant traffic pressures within the region and will provide strategic public transport connections between the various business, health, education, cultural and recreational hubs in western Sydney.

The increased capacity and the provision of a reliable transport option in the corridor will encourage urban renewal and unlock additional capacity, providing opportunities for public and private investment.

The intentions for Greater Parramatta and the Olympic Peninsula (GPOP) are further developed and refined in the recently released vision for GPOP (GSC, 2016). The Vision's objectives are shaped around four quarters and designate the Next Generation Living Precinct (within which the Site is located) as a living, learning and leisure district.

### 3.2 GROWTH OF PARRAMATTA'S KEY EMPLOYMENT PRECINCTS

In line with the above priorities, in the last five years there has been significant growth particularly in Parramatta CBD, Western Sydney University and Westmead Hospital.

### **Parramatta CBD**

There has been a significant recent growth in planned commercial development activity, the completion of the Eclipse Tower marking the beginning of a supply response to acutely low vacancy levels and pent up demand that have prevailed for prime grade commercial space in the CBD.

While there is significant aspirational growth envisaged for Parramatta, growth potential in the B3 Commercial Core underlies a strong demand and indicates scope for greater densification in the area. There is more than 100,000sqm of commercial space either approved or submitted for approval, with future capacity identified for further 200,000sqm of lettable area. This demonstrates that Parramatta CBD will continue to grow and be a catalyst for employment growth. A large proportion of this growth is expected to be accommodated by 2019 on completion of Parramatta Square.

**Table 3.1: Commercial Development Pipeline Parramatta CBD**

<b>Address</b>	<b>Description</b>
Parramatta Square	Parramatta Square is a 3ha precinct development that will provide the city with a new civic heart. It will include public space, corporate facilities, residential apartments, retail and dining, new Council headquarters, and connections to the transport interchange. It is expected to house up to contain 129,000sqm of commercial floorspace upon completion.
Lennox Bridge Car Park site	This site will be transformed into a first-class precinct known as 'Riverside Parramatta'. The project is being delivered to a 'Design Excellence' standard creating many benefits for Parramatta's community including a range of improvements along the river foreshore areas and public domains. A range of uses will be accommodated including cafés / bars / restaurants and Councils new Discovery Centre. Council has entered into a Development Agreement with LIDIS to deliver what is destined to become Sydney's newest landmark.
Macquarie Street Car Park site	The site is also currently an on-grade car park located within the City fringe and having good views of the Parramatta River. The site will be redeveloped into a new residential tower and a new commercial tower above a multi deck public car park that will help move parking to the city periphery as per Council's car parking strategy.
100 George St	A Parramatta landmark building has recently undergone a \$6m refurbishment that has seen the building's NABERS rating go from 1 star to 4 star. It boasts new ground floor public domain and retail space and 9,600sqm of commercial office space in the heart of the Parramatta CBD.
89 George St	A proposed 14 storey boutique commercial building, DA-approved and will be approximately 10,000sqm when built.
105 Phillip St	A proposed 13 storey commercial building owned by Dexus Property Group. This DA-approved building will deliver 20,500sqm when built. It has been designed to offer A-grade office space with 5 green star rating in the centre of the Parramatta CBD's financial precinct on Phillip Street.
111 George St	A 17 storey mixed use development, situated next to News Limited's proposed state-of-the-art Media Centre, and the popular Albion Hotel.
Westfield Tower	A proposed 20 storey 35,000sqm commercial tower designed to sit atop the current Parramatta Westfield Shopping Centre, which currently receives 28.8 million visitors per year. The Centre also plans to add a sixth level of retail floorspace and additional carparking.
Cumberland Newspaper / News Ltd Site	A proposed purpose-built media centre similar to the Adelaide Advertiser headquarters in Adelaide CBD. The building will house the Cumberland newspaper group, part of News Limited/News Local. Stage 1 will be a five storey commercial building as part of a broader precinct development plan.

Source: PCC

There is more than 100,000sqm of commercial space either approved or submitted for approval, with future capacity identified for further 200,000sqm of lettable area.

### **Western Sydney University**

The Draft Metropolitan Strategy for Sydney 2031 (DP&I, 2013) states that it is expected that the Parramatta CBD will grow beyond its boundaries into surrounding precincts, one of these being the Western Sydney University (formerly University of Western Sydney). It is important to note that there are two WSU's campuses within the LGA, namely Westmead Campus and the Parramatta Campus. The Strategy identifies the Parramatta Campus located at Rydalmere for future employment growth.

In 2013 the WSU recorded 41,980 students enrolled, representing 4.3% increase from 2009 (35,461). Furthermore, in 2013, 3,049 staff were employed by the university, representing a 2.3% increase since 2009 (2,551).

There are no other universities within the Parramatta LGA and therefore in order to accommodate future growth WSU will need to develop in order to accommodate future growth. Recognising the need to accommodate growth WSU is undertaking the following projects:

- **Westmead redevelopment**

The rezoning of the site to allow a mixed use development was achieved in September 2013. A preferred development model and project delivery plan was presented to, and approved by, the Board of Trustees in December 2013.

- **Parramatta CBD campus**

To support more flexible and accessible teaching locations and overcome short term capacity issues at the Rydalmere campus, the University has entered into a short term lease for 2,600sqm of floor space in the Parramatta CBD. This facility will focus on postgraduate programs and will house the Sydney Graduate School of Management and other programs. It commenced operations at the beginning of 2014.

Like the Westmead Hospital, WSU will continue to grow and play an important role for employment growth in Parramatta.

### 3.3 PARRAMATTA'S PROJECTED INDUSTRIES OF GROWTH

This section profiles Parramatta LGA's employees by industry and projects their growth toward 2031. This section also projects floorspace demand by different employment precincts toward 2031.

In order to understand and plan for future floorspace requirements, it is necessary to understand those industries projected to grow and the commensurate floorspace required to accommodate those industries to ensure that land use zones can accommodate future employment growth.

#### 3.3.1 Employment Projections by Industry

The profile of Parramatta's employment is changing. Since 2006, both health care and social assistance and public administration and safety have increased their share of total employment (and increased number of employees) while industries like manufacturing and wholesale trade have reduced their share of total employment.

Parramatta's CBD is becoming a government and service hub as Parramatta's health and education precinct continues to grow in response to demand for services from growing population in Parramatta and Western Sydney.

Looking forward, employment growth in Parramatta LGA will be driven by the following key industries:

- Health care and social assistance (10,099 additional jobs or 49% increase).
- Education and training (4,826 additional jobs or 83% increase).
- Public administration and safety (3,953 additional jobs or 26% increase).
- Professional, scientific and technical services (5,400 additional jobs or 75% increase).
- Retail trade (4,727 additional jobs or 59% increase).
- Accommodation and food services (4,312 additional jobs or 87% increase).

**Table 3.2: Employment Projections by Industry, Parramatta LGA**

Industry	2011	2016	2021	2026	2031	Change 2011-2031
Agriculture, Forestry and Fishing	110	73	67	61	56	-54
Mining	106	122	125	131	137	31
Manufacturing	11,443	11,275	10,980	10,617	10,350	-1,093
Electricity, Gas, Water and Waste Services	2,289	2,047	1,805	1,755	1,705	-584
Construction	7,344	7,996	9,143	10,068	10,948	3,604
Wholesale Trade	4,700	4,455	4,210	4,229	4,254	-446
Retail Trade	8,006	9,371	10,507	11,555	12,733	4,727

Industry	2011	2016	2021	2026	2031	Change 2011-2031
Accommodation and Food Services	4,972	6,580	7,542	8,379	9,284	4,312
Transport, Postal and Warehousing	5,750	5,723	5,703	6,072	6,508	757
Information Media and Telecommunications	1,411	2,061	2,300	2,420	2,562	1,151
Financial and Insurance Services	9,975	10,444	11,029	11,666	12,418	2,443
Rental, Hiring and Real Estate Services	1,736	1,700	1,913	2,180	2,476	741
Professional, Scientific and Technical Services	7,149	8,082	9,509	10,946	12,550	5,400
Administrative and Support Services	4,160	4,562	4,939	5,322	5,697	1,537
Public Administration and Safety	15,119	16,112	17,083	18,123	19,071	3,953
Education and Training	5,804	6,708	7,935	9,245	10,629	4,826
Health Care and Social Assistance	20,374	22,633	25,092	27,769	30,473	10,099
Arts and Recreation Services	1,273	1,774	1,998	2,199	2,420	1,147
Other Services	4,066	4,039	4,305	4,627	4,958	892
<b>Total Projected Employment</b>	<b>115,787</b>	<b>125,759</b>	<b>136,183</b>	<b>147,363</b>	<b>159,229</b>	<b>43,441</b>

Source: ABS (2013a, 2013b, 2013c, 2014a, 2014b, 2014c, 2014d), BTS (2014).

Different industries have different accommodation and floorspace requirements. The next section examines the amount of floorspace likely to be required as a result of projected employment growth.

### 3.3.2 Floorspace Demand Projections

Demand for floorspace has been estimated in Gross Floor Area (GFA) terms, using ratios of GFA per employee for each of the 72 industries modelled. This is summarised across 19 industries in the table below.

**Table 3.3: Additional Floorspace Demand Projections by Industry ('000), Parramatta LGA**

Industry	2011-16	2016-21	2021-26	2026-31	Change 2011-2031
Agriculture, Forestry and Fishing	-22.1	-3.6	-3.6	-3.1	-32.4
Mining	3.6	0.5	1.5	1.4	6.9
Manufacturing	-23.2	-37.3	-46.9	-34.5	-142.0
Electricity, Gas, Water and Waste Services	-29.0	-29.0	-6.0	-6.0	-70.0
Construction	49.6	86.6	70.4	67.3	273.9
Wholesale Trade	-29.4	-29.4	2.3	3.0	-53.6
Retail Trade	41.0	34.1	31.4	35.3	141.8
Accommodation and Food Services	55.1	33.0	28.8	31.1	148.0
Transport, Postal and Warehousing	-3.7	-3.1	35.2	41.5	69.8
Information Media and Telecommunications	65.0	23.8	12.1	14.2	115.1
Financial and Insurance Services	10.8	13.4	14.7	17.3	56.2
Rental, Hiring and Real Estate Services	-1.5	6.3	7.9	8.6	21.3
Professional, Scientific and Technical Services	21.5	32.8	33.0	36.9	124.2
Administrative and Support Services	21.9	21.2	22.2	22.4	87.7
Public Administration and Safety	26.2	25.7	27.4	24.8	104.1
Education and Training	58.0	79.3	83.8	87.7	308.9
Health Care and Social Assistance	52.0	56.5	61.6	62.2	232.3
Arts and Recreation Services	27.7	12.8	11.7	12.9	65.2
Other Services	-1.5	8.6	12.6	12.4	32.0
<b>Total Projected Additional Floorspace</b>	<b>321.9</b>	<b>332.3</b>	<b>399.9</b>	<b>435.4</b>	<b>1,489.5</b>

Source: ABS (2013a, 2013b, 2013c, 2014a, 2014b, 2014c, 2014d), BTS (2014).

Demand for an additional 1,489,471sqm of GFA is projected between 2011 and 2031 in Parramatta LGA, which equates to around 74,473sqm GFA per annum. It should be noted that 2011 has been used as the starting point (rather than 2016) as it is most recent year for which ABS and BTS employment data has been collected.

Key industries demanding floorspace are projected to be education and training, health care and social assistance, construction and professional, scientific and technical services.

Note that the above floorspace demand projections are with respect to the whole Parramatta LGA.

### 3.4 NEED FOR THE PROPOSAL

The Parramatta economy is changing - it is poised to experience significant growth in line with its strategic objectives and public investment in infrastructure. A variety of factors, some local and many global are changing the make-up and economic structure of Parramatta. Employment losses in traditional industrial sectors like manufacturing and wholesale trade have given way to increases in healthcare, public administration and numerous professional services, as Parramatta continues to evolve as an economic centre and destination.

Up to 40,000sqm of commercial floorspace as envisaged in the Proposal will contribute to accommodating some of the major categories of projected floorspace demand, including education and training floorspace (Table 3.3). This commercial floorspace and proposed new dwellings will contribute to the Site's role in Greater Parramatta and the Olympic Peninsula (specifically in the Next Generation Living precinct).

Many areas are in a state of transition and will transform from providing purely purpose built facilities (i.e. the Ageing, Disability and Home Care and the former Macquarie Boys High School) to accommodate a range of uses i.e. housing, a mix of business including retail, education and leisure uses etc. Allowing for a mix of uses to occur in declining areas allows it to become self-sustaining, i.e. residents who live there have all their day-to-day needs met including employment, shopping, services and recreation needs. Facilitating a mix of residential, shopping, entertainment, education-related and commercial uses can ensure a critical mass of residents and local jobs to support a vibrant precinct.

The Proposal will assist in meeting the changing employment needs of the Parramatta LGA by providing a range of uses including: education, retail, community uses and residential, contributing to the vision for Next Generation Living Precinct (GSC, 2016).

## 4. DEMOGRAPHIC ANALYSIS AND HOUSING NEED

### 4.1 DEMOGRAPHIC ANALYSIS

#### 4.1.1 Historical Population Growth

Overall between 2006 and 2011 population in the Parramatta LGA increased from 151,297 to 170,241 persons, equating to an increase of 18,944 or 12.5% over the period. This represents an annual average increase of 2.4%, greater annual average increase than the West Central Subregion (1.9%).

**Table 4.1: Parramatta LGA, Historical Population Growth (2006 – 2011)**

	2006	2011	Change (2006-2011)		
			No.	%	Avg. Annual
Parramatta LGA	151,297	170,241	18,944	12.5%	2.4%
West Central Subregion	908,456	998,952	90,496	10.0%	1.9%

Source: ABS (2012)

#### 4.1.2 Household Composition

**Table 4.2** below demonstrates that overall the Parramatta LGA contains a high proportion of family households (68.9%) followed by lone households (22%) and group households (4%).

**Table 4.2: Parramatta LGA, Household Composition (2011)**

Household Type	No.	%
Family households	41,169	68.9%
Lone person households	13,159	22.0%
Group households	2,376	4.0%
Other households	3,065	5.1%
Total	59,769	100.0%

Source: ABS (2012)

#### 4.1.3 Dwelling Structure

**Table 4.3** demonstrates the majority of houses in the Parramatta LGA are separate houses (51.8%), followed by apartments (34.4%) and semi-detached dwellings (13.3%). Between 2006-2011 there was a significant increase in the amount of semi-detached dwellings and apartments, representing an increase of 18.1% and 22.8% respectively.

**Table 4.3: Parramatta LGA, Dwelling Structure (2011)**

House Type	2006		2011		Change (2006-2011)	
	No.	%	No.	%	No.	%
Separate house	30,612	56.2%	30,964	51.8%	352	1.1%
Semi-detached, row or terrace house, townhouse	6,747	12.4%	7,968	13.3%	1,221	18.1%
Flat, unit or apartment	16,729	30.7%	20,544	34.4%	3,815	22.8%
Other dwelling	210	0.4%	186	0.3%	-24	-11.4%
Not Stated	187	0.3%	107	0.2%	-80	-42.8%
Total	54,485	100.0%	59,769	100.0%	5,284	9.7%

Source: ABS (2012)

#### 4.1.4 Household Ownership

**Table 4.4** indicates the majority of residents in Parramatta LGA rent (37.8%) followed by those who own their home with a mortgage (30.4%) and those who own their home outright (23.9%). Between 2006 and 2011 the proportion of those who own their own home has decreased.

**Table 4.4: Parramatta LGA, Dwelling Structure (2011)**

Household Ownership	2006		2011		Change (2006-2011)	
	No.	%	No.	%	No.	%
Owned outright	14,369	26.4%	14,308	23.9%	-61	-0.4%
Owned with a mortgage	14,849	27.3%	18,148	30.4%	3,299	22.2%
Rented	19,913	36.5%	22,568	37.8%	2,655	13.3%
Other tenure type	619	1.1%	590	1.0%	-29	-4.7%
Not Stated	4,736	8.7%	4,154	7.0%	-582	-12.3%
Total	54,486	100.0%	59,768	100.0%	5,282	9.7%

Source: ABS (2012)

## 4.2 HOUSING NEED ANALYSIS

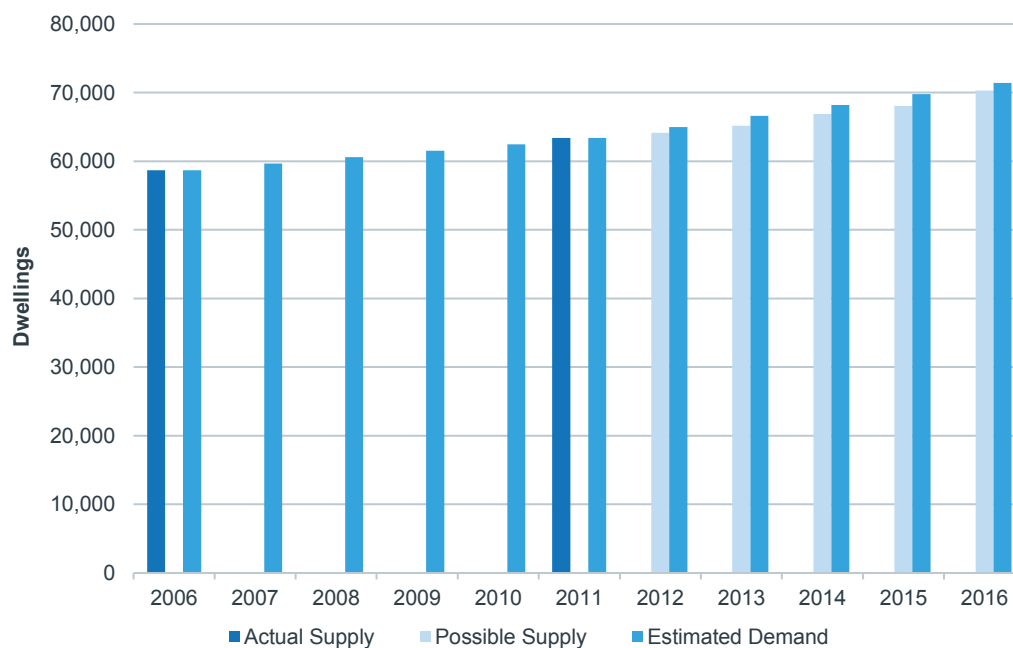
Analysis of ABS data on historic population growth and building approvals/construction suggests supply is not keeping pace with strong population growth being witnessed in Parramatta LGA. This has a number of implications:

- House prices (and rents) increase disproportionately compared to other areas that are not as undersupplied.
- More people remain in the rental market if they are unable to secure a property to purchase.
- People seek housing options outside of Parramatta LGA and commute.
- More people share accommodation, resulting in higher household sizes.

The following charts illustrate some key economic indicators relating to housing need in Parramatta LGA.

**Figure 4.1** demonstrates that there is a shortfall of residential dwellings in the Parramatta LGA. In 2014 there was a shortfall of 1,288, in 2015 there was a shortfall of 1,718 and in 2016 there is a shortfall of 1,110.

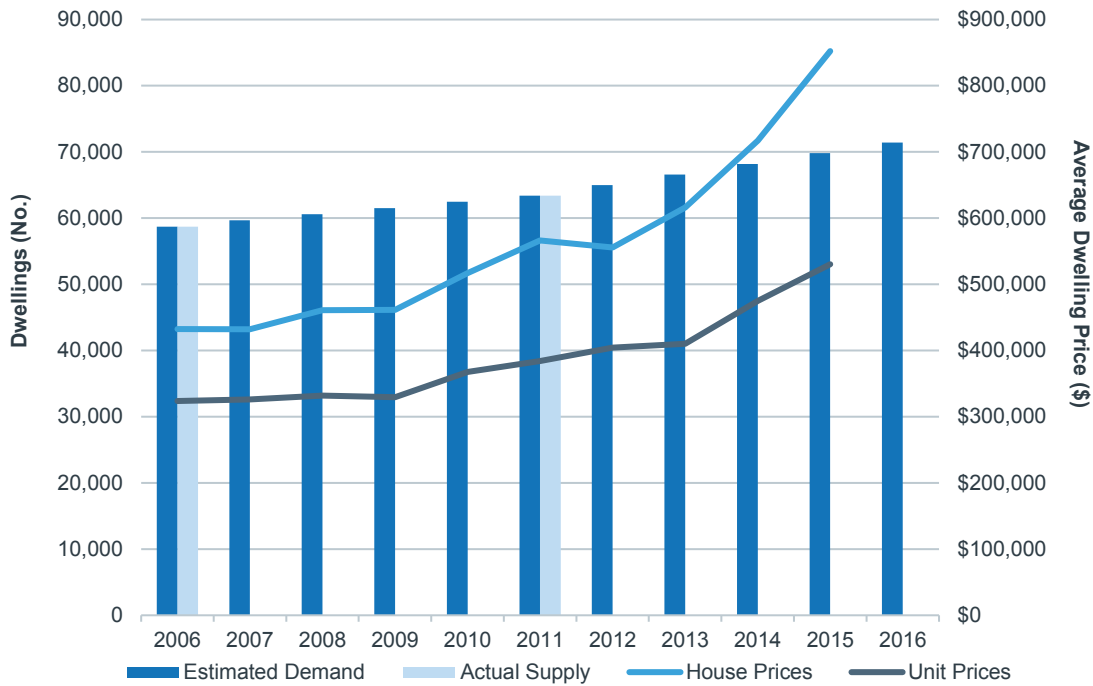
**Figure 4.1: Parramatta LGA, Analysis of Housing Supply and Estimated Demand**



Source: ABS (2012), ABS (2016a)

Parramatta LGA growth has been significantly greater than other parts of Western Sydney and indeed metropolitan Sydney, exceeding 3% per annum at its peak, projected growth rates expected to exceed other parts of Western Sydney and metropolitan Sydney.

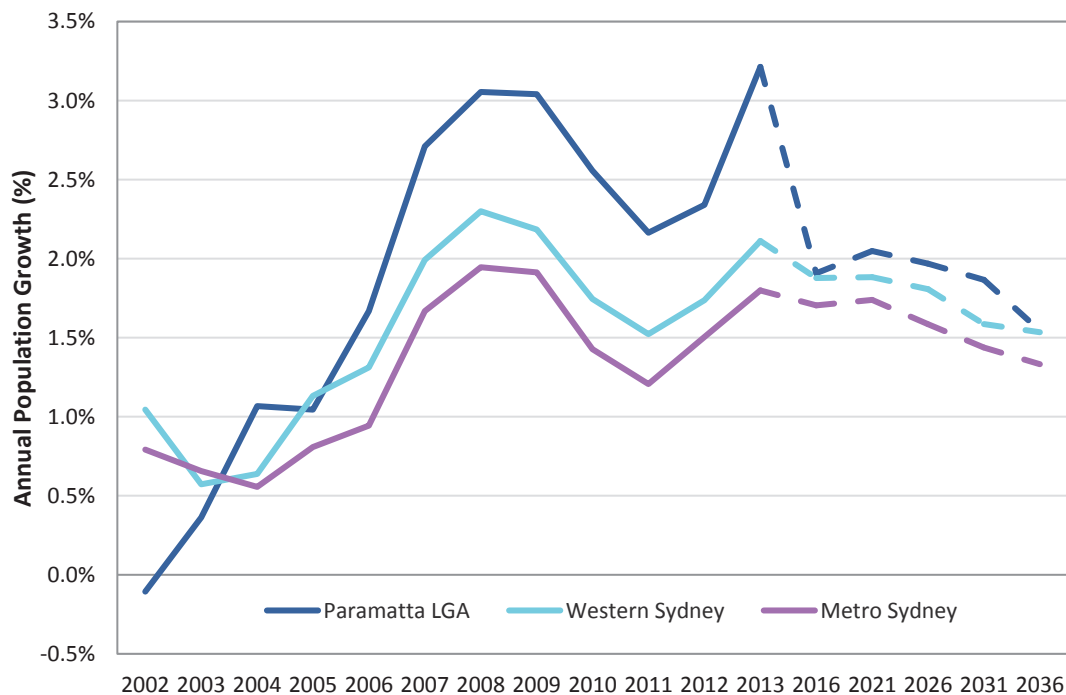
**Figure 4.2: Parramatta LGA, Housing Supply v House and Unit Price**



Source: ABS (2012), ABS (2016a)

**Figure 4.2** demonstrates that despite housing supply having increased (over the 2011-2015 period), housing and unit prices have increased as well, indicating that more supply is required in order to make housing more affordable. **Figure 4.3** depicts growth rates in comparison with Western Sydney and metropolitan Sydney.

**Figure 4.3: Annual Population Growth Rates**

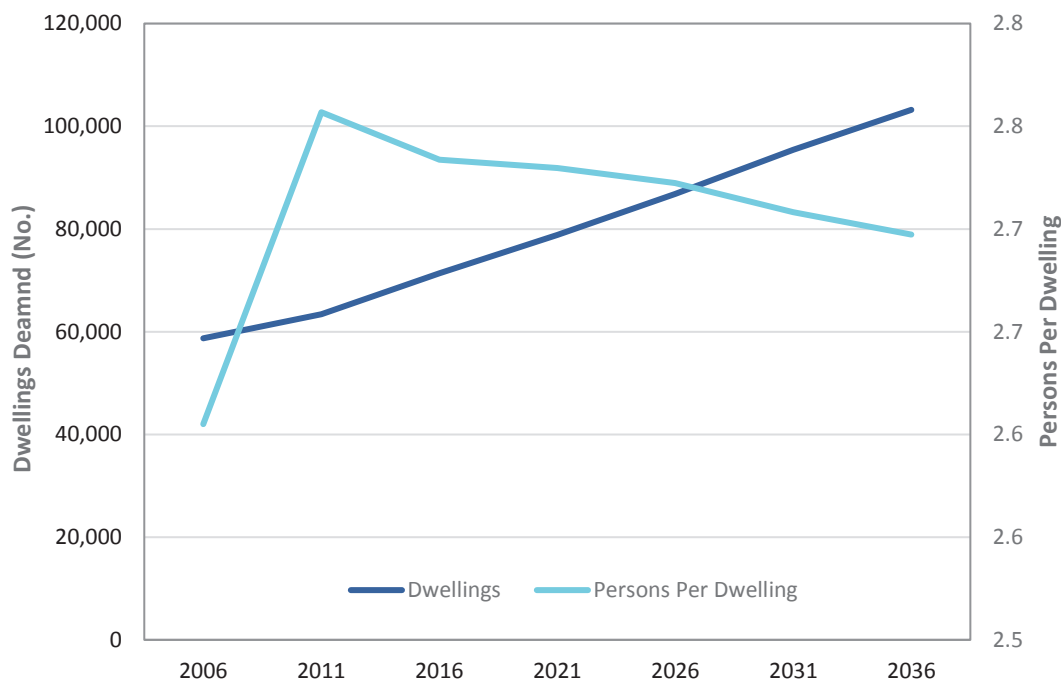


Source: DP&E (2014b)



Average household size in Parramatta LGA increased from 2.6 (2006) to over 2.8 (2011), this projected to gradually fall to around 2.7 by 2036.

**Figure 4.4: Parramatta LGA, Average Household Size and Dwelling Demand**



Source: DP&E (2014b)

Looking forward, based on projected population growth and household sizes (Department of Planning & Environment, 2014), about **1,600 additional dwellings are required per annum**.

This analysis suggests there is capacity for the market to absorb the units proposed on the Site.

### 4.3 NEED FOR THE PROPOSAL

The Parramatta LGA's housing shortage can be observed through a number of key indicators:

- The Parramatta LGA experienced a greater annual average increase in population (2.4%) than the West Central Subregion (1.9%).
- The Parramatta LGA is still dominated by family households (68.9%), although there is a substantial number of lone households (22%)
- The majority of houses in the Parramatta LGA are separate houses (51.8%). Between 2006-2011 there was a significant increase in the amount of semi-detached dwellings and apartments, representing an increase of 18.1% and 22.8% respectively.
- There is a shortfall of residential dwellings in the Parramatta LGA. In 2014 there was a shortfall of 1,288, in 2015 there was a shortfall of 1,718 and in 2016 there is a shortfall of 1,110. Furthermore, despite an increase in housing supply, housing and unit prices have increased as well, indicating that more supply is required in order to increase housing affordability.

While supply has increased substantially over the 2011-2016 period, the sharp increase in house/unit prices is testament the issue of housing undersupply still requiring attention.

The Proposal (envisaging up to 3,000 dwellings) will contribute to alleviating this situation.

## 5. THE PRECINCT

### 5.1 THE PRECINCT TODAY

#### 5.1.1 Site Location and Context

The Site is located north of Rydalmere train station, on the north eastern corner of James Ruse Drive and Victoria Road intersection, bounded to the north by Kissing Point Road and Vineyard Creek. The Site is a 10-15 minute walk from Rydalmere train station, with the potential for improvements in connectivity to further enhance accessibility. Western Sydney University's Parramatta campus lies to the south of the site offering the potential for synergies between education, research and employment.

Comprising two adjoining land parcels, the Ageing, Disability and Home Care (ADHC) facility at 266 Victoria Road, Rydalmere and the former Macquarie Boys High School (MBHS) at 26 Kissing Point Road, the site encompasses approximately 19.4ha in the City of Parramatta LGA. The MBHS was closed by the Department of Education in 2008 and the site has been vacant since that time. The ADHC facility is still in operation, however, the Site has become surplus to requirements and will be vacated by mid-2017.

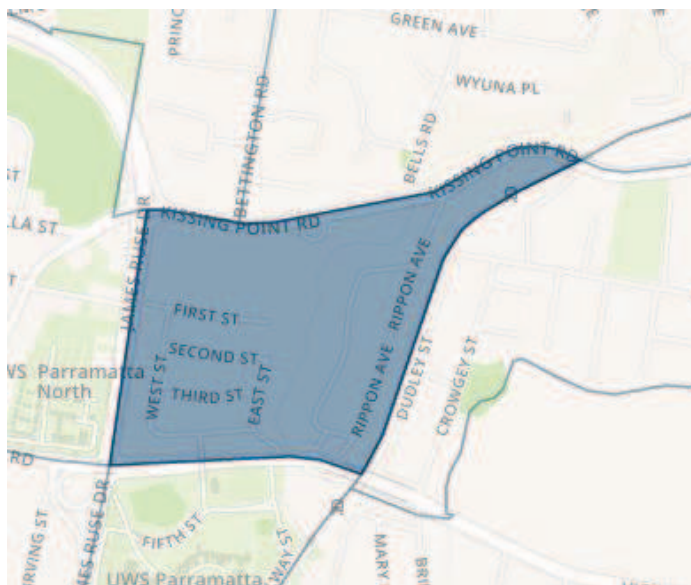
#### 5.1.2 Employment Profile

The basis of the employment analysis is the Bureau of Transport Statistics (BTS) geographical area known as a Travel Zone, this is depicted in **Figure 5.1** below.

Whilst the Travel Zone does not directly align with the Site, this geography has been chosen as it represents the smallest unit at which the BTS provides employment data. Accordingly, the limitations of non-aligned boundaries of the data and analysis areas are acknowledged.

For the purposes of our economic analysis we define the "Precinct" as the Travel Zone outlined blue in **Figure 5.1**.

**Figure 5.1: The Precinct**



Source: BTS (2014)

The Precinct employed 221 employees in 2011 (an increase from 169 in 2006). The top three employment sectors in 2011 were health care and social assistance (131 workers or 59.1%), public administration and safety (19.4%) and administration and support services (7.9%).

Between 2006-2011, the Precinct experienced an overall increase of 53 (or 31.2%) workers. This increase was spread across three key industries within the Precinct, those industries which experienced the greatest increase based on number of employees include:

- Health Care and Social Assistance (37 or 40%).
- Public Administration and Safety (13 or 43%).
- Administrative and Support Services (4 or 33%).

**Table 5.1** shows employment change in the Precinct between 2006 and 2011 and trends in these key sectors are described below.

**Table 5.1: The Precinct, Employment by Industry, 2006-2011 (19 sector, 1-digit ANZSIC)**

Industry	2006	2011	Change (2006-11)	
			No.	%
Agriculture, Forestry and Fishing	0	0	0	0%
Mining	0	0	0	0%
Manufacturing	11	3	-8	-73%
Electricity, Gas, Water and Waste Services	0	0	0	0%
Construction	7	7	0	0%
Wholesale Trade	0	0	0	0%
Retail Trade	3	3	0	0%
Accommodation and Food Services	3	3	0	0%
Transport, Postal and Warehousing	3	4	1	33%
Information Media and Telecommunications	0	3	3	300%
Financial and Insurance Services	0	0	0	0%
Rental, Hiring and Real Estate Services	3	3	0	0%
Professional, Scientific and Technical Services	0	0	0	0%
Administrative and Support Services	13	17	4	31%
Public Administration and Safety	30	43	13	43%
Education and Training	3	3	0	0%
Health Care and Social Assistance	94	131	37	39%
Arts and Recreation Services	0	0	0	0%
Other Services	0	0	0	0%
<b>Total</b>	<b>169</b>	<b>221</b>	<b>53</b>	<b>31%</b>

Source: BTS (2014)

### 5.1.3 Health Care and Social Assistance

Australia's growing and ageing population, combined with expanding private health insurance coverage, has generated strong demand for health services over the past five years. While rising private health coverage has provided significant benefits for allied health services, the ageing population has strengthened demand across the subdivision. Demand has been the major driver of growth, with increases in Medicare benefits per service and schedule fees failing to keep up with inflation in some industries (Ibis World, 2016a).

Australia's age profile and private health insurance coverage are expected to continue rising over the next five years, which should strengthen demand for most health services. Increasing demand for health services is forecast to result in revenue growing at a compound annual rate of 3.2% over the next five years, to reach \$141.6 billion in 2021-22 (Ibis World, 2016a).

### 5.1.4 Education and Training

The Education and Training division has undergone significant reform over the past five years. This has included the introduction of demand-driven systems for tertiary education, a new school funding model and policy initiatives aimed at increasing access to preschool education. While higher domestic demand for education and training is

primarily attributable to Australia's population growth, the division has expanded at a faster rate than the population over the past five years. This is due to increased government funding and shifts in enrolment towards more expensive providers in secondary and tertiary education.

The Education and Training division is expected to continue to grow over the next five years, propelled by increased funding for education and government policies that will stimulate demand. Furthermore, the Australian dollar is anticipated to remain weak over the next five years, which will support demand from international students. Overall, division revenue is projected to grow at an annualised 4.4% over the five years through 2020-21, to reach \$148.0 billion (Ibis World, 2016b).

## 5.2 OUTLOOK FOR THE PRECINCT

Land uses and built form generally respond to market need and requirements, providing accommodation for the activities associated with industry/business activity. In the circumstances and in its current form, the Site is at risk of becoming redundant.

A Plan for Growing Sydney identifies Greater Parramatta (which incorporates Parramatta CBD, North Parramatta, Westmead, Rydalmere Education Precinct and Camellia) as having the potential to increase in job density over the next 20 years.

The recently released vision for Greater Parramatta and the Olympic Peninsula builds on the intentions of A Plan for Growing Sydney, identifying the Site as "Smart Living: Rydalmere" contributing to the vision of Next Generation Living Precinct as a "living, learning and leisure district" comprising of a mix of medium and high density housing types with nearby education, research, retail, recreation and entertainment facilities providing the conveniences of inner-city living.

The Proposal envisages the Site could accommodate a mix of uses that contributes to development of the Next Generation Living Precinct as well as respond to population growth and complement existing residential and retail/commercial provision.

The Proposal for the Site envisages a mix of uses including up to 40,000sqm of commercial floorspace (to include education/knowledge floorspace and a small proportion of retail and community support uses). The Site presents an opportunity to accommodate technology and knowledge uses that leverage the proximity of WSU campus to the south.

We highlight that the commercial viability of the designation of a large quantum of commercial floorspace (up to 40,000sqm) is contingent on an off-taker of the space being able to be secured, whether it be WSU or other educational institution.

## 6. ECONOMIC IMPACT ASSESSMENT

Economic modelling in this section estimates the economic activity supported by the construction and operational activity of the redevelopment. Input-Output modelling is used to examine the direct and flow-on<sup>1</sup> activity expected to be supported within the Parramatta Local Government Area (LGA) economy. A description of the Input-Output modelling framework used is provided in Appendix A.

Input-output modelling describes economic activity by examining four types of impacts:

- **Output:** Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Gross Product:** Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income:** Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment:** Refers to the part-time and full-time employment positions generated by the economic stimulus, both directly and indirectly through flow-on activity, expressed in full-time equivalent (FTE) positions<sup>2</sup>.

### 6.1 BASE CASE

Currently the Site is dedicated to health care and social assistance services. The Site is estimated to support 131 jobs via the Ageing, Disability and Home Care (ADHC) facility at 266 Victoria Road, Rydalmere.

#### 6.1.1 Model Drivers

Estimates of direct operational phase activity have been developed using estimated employment levels for existing operations based on the current estimate of 131 FTE positions on the Site. For modelling purposes, operational activities were allocated to the most relevant ANZSIC category (residential care and social assistance services).

Based on these employment levels, estimates for direct output were developed using the output to employment ratios outlined in the Input-Output transaction table developed for Parramatta LGA as part of this project (see Appendix A).

#### 6.1.2 Model Results

Currently, the Site is estimated to support the following economic activity through the activities of existing occupants:

- Output of \$46 million (including \$16 million directly injected into the economy) per annum.
- A \$30 million contribution to GRP (including \$13 million in direct impacts) per annum.
- Wages and salaries of \$17 million (including \$9 million paid to labour as a result of direct activity) per annum.
- FTE employment of approximately 235 positions (including just over 130 direct FTE jobs).

<sup>1</sup> Both Type I and Type II flow-on impacts have been presented in this report. Refer to **Appendix A** for a description of each type of flow-on impact.

<sup>2</sup> Where one FTE is equivalent to one person working full time for a period of one year.

**Table 6.1: Current Economic Activity Supported (Annual)**

Impact	Output (\$M)	GRP (\$M)	Income (\$M)	Employment (FTE)
Direct Impact	\$15.7	\$13.0	\$9.4	131
Indirect Impact (Type I)	\$3.1	\$1.7	\$1.0	12
Indirect Impact (Type II)	\$27.7	\$15.2	\$6.7	92
<b>Total Impact</b>	<b>\$46.5</b>	<b>\$29.9</b>	<b>\$17.0</b>	<b>235</b>

Note: Totals may not sum due to rounding.

Source: AEC

## 6.2 PROPOSAL CASE

The Proposal (up to 3,000 dwellings and up to 40,000sqm of retail and commercial floorspace) is expected to generate economic activity within the Parramatta LGA economy primarily through three avenues:

- Economic activity generated through the construction phase of the development.
- Direct turnover generated by the operational activities of the commercial aspects of the development.
- Additional household expenditure by households locating within the development.

The drivers and assumptions used to model each of the above are discussed in the following sections. The modelling examines the total economic activity within Parramatta LGA anticipated to be associated with each of the above avenues, but does not include an examination of any potential transfer of activity or draw down on the local economy as a result of the project.

### 6.2.1 Model Drivers

#### Construction Phase

Construction costs for the project were disaggregated into relevant industry sectors represented in the Input-Output model, based on Australia and New Zealand Standard Industrial Classification (ANZSIC) categories. This breakdown was developed based on assumptions by AEC regarding the most appropriate ANZSIC industries for each activity as highlighted in the table below.

**Table 6.2: Construction Costs by Industry (Incl. Contingency)**

Component	ANZSIC Allocation	\$M
Residential	Residential Building Construction	\$784.3
Supermarket	Non-Residential Building Construction	\$7.6
Specialities	Non-Residential Building Construction	\$5.0
Child Care	Non-Residential Building Construction	\$2.5
Gym	Non-Residential Building Construction	\$4.5
Education/Knowledge	Non-Residential Building Construction	\$81.8
Car Parking	Non-Residential Building Construction	\$101.4
Professional Fees	Professional, Scientific and Technical Services	\$108.6
<b>Total</b>		<b>\$1,095.8</b>

Note: Totals may not sum due to rounding.

Source: Elton Consulting (unpublished), AEC.

Of the above capital outlay, not all activity will be undertaken within the Parramatta LGA economy. For example, some professional services activities are likely to be sourced from other centres. The following table outlines the assumptions used in the modelling to identify where relevant activity is anticipated to occur.

**Table 6.3: Location of Construction Phase Activity by Industry**

Industry	% Local
Residential Building Construction	100%
Non-Residential Building Construction	100%
Professional, Scientific and Technical Services	50%

Source: AEC

In interpreting the above table, it is important to recognise the location of where activity occurs can differ from where the labour or services used to undertake the activity are sourced from. For example, construction activity will (effectively) all occur on site. However, it may be that some labour and services will reside outside of the local economy. **Table 6.4** outlines the assumptions used in the modelling regarding the location where goods and services are sourced.

**Table 6.4: Source of Construction Phase Activity by Industry**

Industry	% Local
Residential Building Construction	50%
Non-Residential Building Construction	50%
Professional, Scientific and Technical Services	50%

Source: AEC.

In undertaking economic modelling, the direct activity associated with the construction phase is based on where activity occurs (**Table 6.3**) rather than strictly where labour for these services is sourced from (**Table 6.4**). However, the amount of activity that is retained in the local economy is best considered in terms of where labour, goods and services are sourced, rather than where the activities they undertake are located. This refers to a 'retention' of incomes and profits within an economy and reflects that labour and companies sourced from outside the Parramatta LGA economy are more likely to spend incomes earned within their local area than within Parramatta LGA.

For the purposes of modelling, it has been assumed construction companies and sub-contractors sourced from outside Parramatta LGA will contribute approximately one-quarter (25%) of the level of Type I (production induced) flow-on activity within the economy that a locally sourced company does, and approximately 5% of Type II (consumption induced) flow-on activity. This reflects that construction companies working on site but sourced from outside Parramatta LGA will contribute to local supply chains in terms of sourcing some goods and services they require locally (Type I), as well as spending some wages and salaries locally on items such as food and drink (Type II).

## Operational Phase

### Economic and Employment Impacts

Estimates of direct operational phase activity have been developed using Gross Floor Area (GFA) and employment density ratios for the proposal activities as per the assumptions in the table below. For modelling purposes, operational activities were allocated to relevant ANZSIC categories.

Based on these employment levels, estimates for direct output were developed using the output to employment ratios outlined in the Input-Output transaction table developed for Parramatta LGA as part of this project (see Appendix A).

It should be noted that in developing these estimates of activity a 'steady state' of operations (whereby all facilities have been developed, and long-term average utilisation rates prevail) has been assumed.

**Table 6.5: Operational Phase Model Drivers**

Type of Use	Industry	GFA (sqm)	sqm/FTE	Employees	Turnover (\$M)
Supermarket	Retail Trade	3,000	50	60	\$8.1
Specialities	Retail Trade	2,000	25	80	\$10.8
Child Care	Residential Care and Social Assistance Services	1,000	70	14	\$1.7
Gym	Sport and Recreation	1,500	60	25	\$5.1
Education/Knowledge	Education and Training	32,500	70	464	\$87.8
Total		40,000	62	644	\$113.5

Note: Totals may not sum due to rounding.

Source: Elton Consulting (unpublished), AEC.

### **Household Expenditure**

The redevelopment will allow for up to 3,000 additional residential dwellings in the Parramatta LGA. This, in turn, will allow the redeveloped Site to accommodate the projected increase in regional population. The following analysis is based on the estimated expenditure in Parramatta LGA via expenditure of households locating to the proposed development.

Based on analysis of Parramatta LGA household incomes levels (ABS, 2012) and average household expenditure estimates (ABS, 2011) it is estimated that a total of approximately \$510,000 would be spent in the local economy per 10 households per annum. A 98% occupancy has been assumed within the development, based on REINSW (2016) estimates.

Household expenditure items have been categorised into appropriate Input-Output industries in order to ascertain the total economic activity within the Parramatta LGA economy associated with the expenditure of households locating to the proposed development. For modelling purposes, it has been assumed that three-quarters of weekly household expenditure would be captured within the local economy as per the assumptions in the table below.

**Table 6.6: Household Expenditure Estimates (Current \$)**

Expenditure Item	Annual Local Expenditure/Household
Current housing costs (selected dwelling)*	\$5,305
Domestic fuel and power*	\$1,001
Food and non-alcoholic beverages	\$9,489
Alcoholic beverages	\$1,485
Tobacco products	\$512
Clothing and footwear	\$2,048
Household furnishings and equipment	\$2,355
Household services and operation	\$3,134
Medical care and health expenses	\$2,866
Transport	\$8,830
Recreation	\$7,293
Personal care	\$1,139
Miscellaneous goods and services	\$5,265
Total	\$50,722

Note: \* Expenditure reduced by an additional 30-50% to account for costs (e.g. electricity/rents) not captured in the local economy.  
Source: ABS (2011, 2012, 2016b)

## 6.2.2 Model Results

### Construction Phase

The proposed construction activities are expected to deliver a significant impact to the Parramatta LGA economy. The overall construction phase is estimated to provide the following economic activity:

- Output of approximately \$1.5 billion (including \$550 million directly injected into the economy).
- A \$630 million contribution to Gross Regional Product (GRP) (including nearly \$135 million in direct impacts).
- Wages and salaries of approximately \$350 million (including around \$105 million paid to labour directly associated with the construction activity).
- FTE employment of over 4,360 positions (including over 1,200 direct FTE jobs associated with construction activity).

Estimated impacts are presented in the table below.



**Table 6.7: Construction Phase Impacts**

Impact	Output (\$M)	GRP (\$M)	Income (\$M)	Employment (FTE)
Direct Impact	\$547.9	\$133.5	\$106.0	1,209
Indirect Impact (Type I)	\$523.3	\$240.0	\$135.8	1,618
Indirect Impact (Type II)	\$463.6	\$254.7	\$112.1	1,538
Total Impact	\$1,534.9	\$628.2	\$353.8	4,366

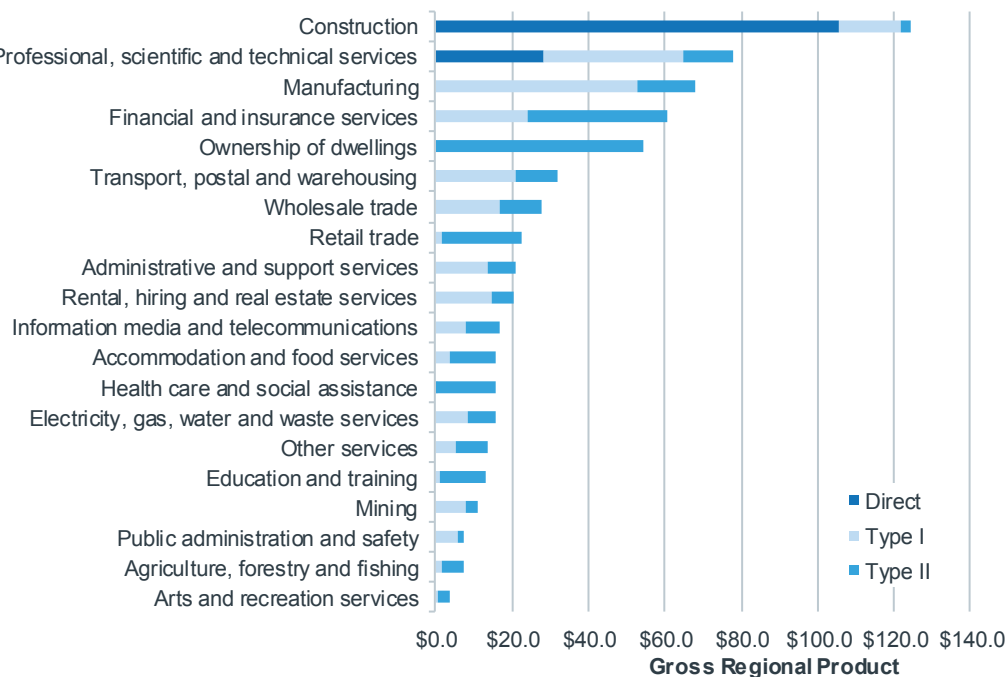
Note: Totals may not sum due to rounding.  
Source: AEC

Major industry beneficiaries of the construction phase of the redevelopment within the Parramatta LGA include:

- Construction (GRP approximately \$125 million).
- Professional, scientific and technical services (approximately \$78 million).
- Manufacturing (approximately \$68 million).
- Financial and insurance services (approximately \$60 million).
- Ownership of dwellings (approximately \$55 million).

GRP impacts by industry throughout the construction phase are presented in the figures below.

**Figure 6.1: Construction GRP Impacts by Industry (\$M)**



Source: AEC

## Operational Phase

### Employment and Economic Impact

Under the Proposal Case the Site is estimated to support the following economic activity annually:

- Output of \$330 million (including around \$115 million directly injected into the economy).
- A \$200 million contribution to GRP (including \$80 million in direct impacts).
- Wages and salaries of approximately \$105 million (including \$50 million paid to labour as a result of direct impacts).
- FTE employment of approximately 1,375 positions (including around 645 direct FTE jobs).

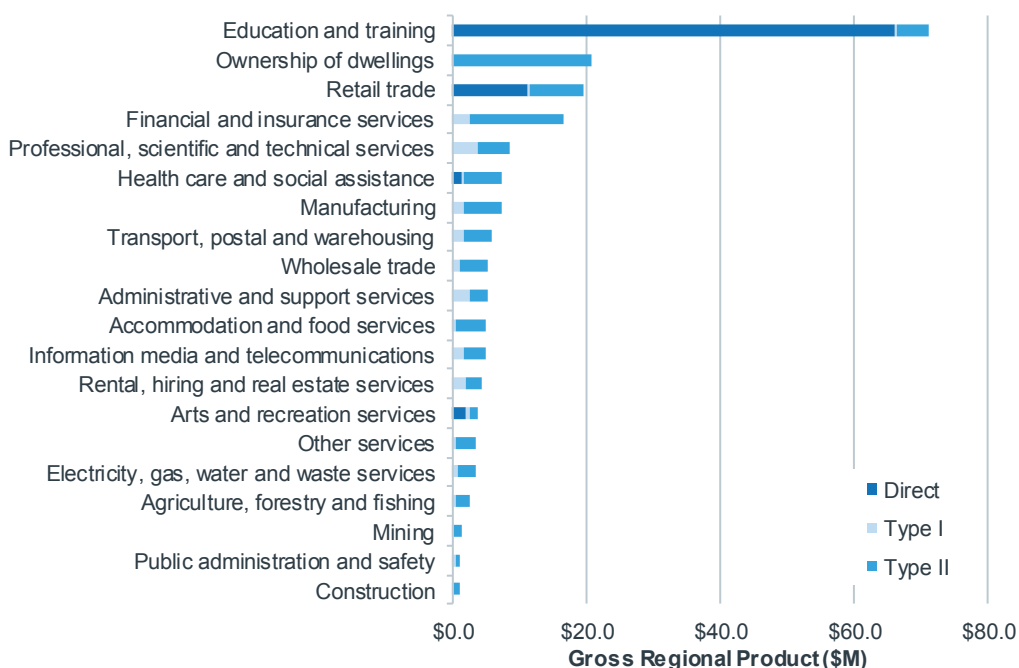
It should be noted that no allowance for the retention of current activities within Parramatta LGA or the relocation of existing local businesses into the redeveloped site has been made in developing these estimates.

**Table 6.8: Operational Phase Impacts (Annual)**

Impact	Output (\$M)	GRP (\$M)	Income (\$M)	Employment (FTE)
Direct Impact	\$113.5	\$80.6	\$50.9	644
Indirect Impact (Type I)	\$39.4	\$21.4	\$12.0	143
Indirect Impact (Type II)	\$177.0	\$97.3	\$42.8	587
Total Impact	\$329.9	\$199.3	\$105.6	1,374

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

**Figure 6.2: Operational GRP by Industry (Proposal Case, \$M)**



Source: AEC

**Household Spend**

Once the Site is fully developed and occupied, households locating within the proposed development are estimated to contribute the following annual economic activity on an ongoing annual basis:

- Output of \$385 million (including nearly \$150 million directly injected into the economy).
- A \$210 million contribution to GRP (including over \$80 million in direct impacts).
- Wages and salaries of approximately \$105 million (including over \$45 million paid to labour as a result of direct impacts).
- FTE employment of approximately 1,600 positions (including 840 direct FTE jobs).

It should be noted that no allowance for the relocation of existing local households into the redeveloped site has been made in developing these estimates.

Furthermore, the economic activity estimates driven by commercial operations and household expenditure are not fully additive. Some household expenditure would be expected to be captured within the commercial activities at the redeveloped Site and thereby there is some double counting of direct and indirect economic activity between resident household expenditure and the turnover of commercial operations located within the redeveloped Site.

**Table 6.9: Household Expenditure Economic Impacts (Annual)**

Impact	Output (\$M)	GRP (\$M)	Income (\$M)	Employment (FTE)
Direct Impact	\$149.1	\$83.2	\$47.5	840
Indirect Impact (Type I)	\$81.5	\$41.6	\$22.1	276
Indirect Impact (Type II)	\$152.5	\$83.8	\$36.9	506
Total Impact	\$383.1	\$208.6	\$106.4	1,622

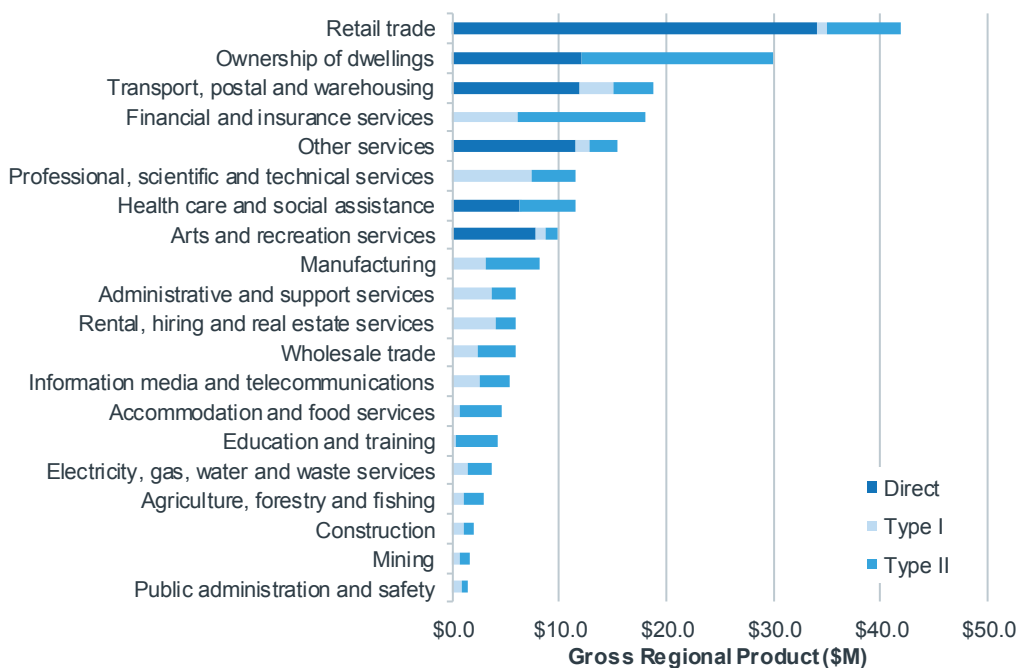
Note: Totals may not sum due to rounding  
Source: AEC

Key industry beneficiaries of household expenditure facilitated through the development include:

- Retail trade (approximately \$42 million GRP per annum).
- Ownership of dwellings (approximately \$30 million per annum).
- Transport, postal and warehousing (approximately \$19 million per annum).
- Financial and insurance services (approximately \$18 million per annum).

A breakdown of GRP supported by industry is presented in the figures below.

**Figure 6.3: Household Expenditure, GRP by Industry (\$M)**



Source: AEC

### 6.3 NET ECONOMIC IMPACT

Analysis of the change in economic activity supported suggests the Proposal Case could support up to an additional (including direct and flow on impacts):

- \$285 million in output per annum.
- \$170 million contribution to GRP.
- \$90 million in incomes and salaries paid to local workers.
- Nearly 1,150 FTE jobs.

It should be noted that these estimates do not consider:

- The potential for either the transfer of activity from existing Parramatta LGA centres into the redeveloped site or the transfer of existing activity into alternative centres within the Parramatta LGA as a result of the redevelopment.
- The activity supported through the expenditure of households locating to the redeveloped Site.

**Table 6.10: Net Operational Phase Employment and Economic Impacts**

Impact	Output (\$M)	GRP (\$M)	Income (\$M)	Employment (FTE)
<b>Base Case</b>				
Direct Impact	\$15.7	\$13.0	\$9.4	131
Indirect Impact (Type I)	\$3.1	\$1.7	\$1.0	12
Indirect Impact (Type II)	\$27.7	\$15.2	\$6.7	92
<b>Total Impact</b>	<b>\$46.5</b>	<b>\$29.9</b>	<b>\$17.0</b>	<b>235</b>
<b>Proposal Case</b>				
Direct Impact	\$113.5	\$80.6	\$50.9	644
Indirect Impact (Type I)	\$39.4	\$21.4	\$12.0	143
Indirect Impact (Type II)	\$177.0	\$97.3	\$42.8	587
Total Impact	<b>\$329.9</b>	<b>\$199.3</b>	<b>\$105.6</b>	<b>1,374</b>
<b>Net Impact</b>				
Direct Impact	\$97.8	\$67.6	\$41.5	513
Indirect Impact (Type I)	\$36.3	\$19.7	\$11.0	131
Indirect Impact (Type II)	\$149.3	\$82.1	\$36.1	495
<b>Total Impact</b>	<b>\$283.4</b>	<b>\$169.4</b>	<b>\$88.6</b>	<b>1,139</b>

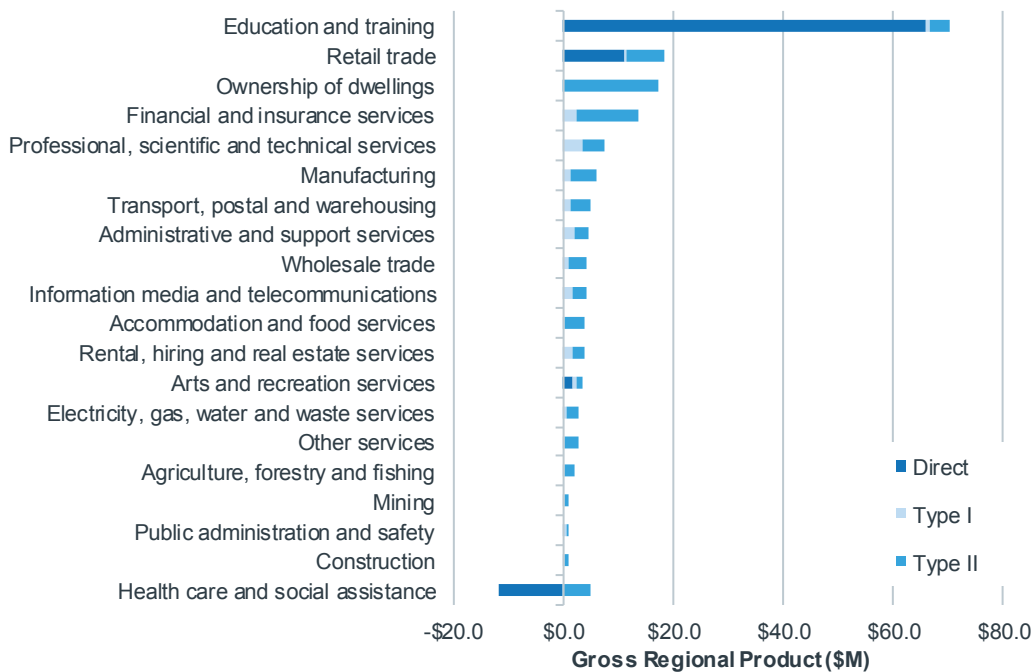
Note: Totals may not sum due to rounding  
Source: AEC

Major industry beneficiaries of the operational phase of the Proposal (versus Base Case) include:

- Education and training (+\$70.5 million GVA per annum).
- Retail trade (+\$18.3 million).
- Ownership of dwellings (+\$17.3 million).

The health care and social assistance sector is estimated to support reduced GRP of -\$6.5 million per annum under the redevelopment proposal.

**Figure 6.4: Net Change in GRP supported by Proposal Case (\$M)**



Source: AEC

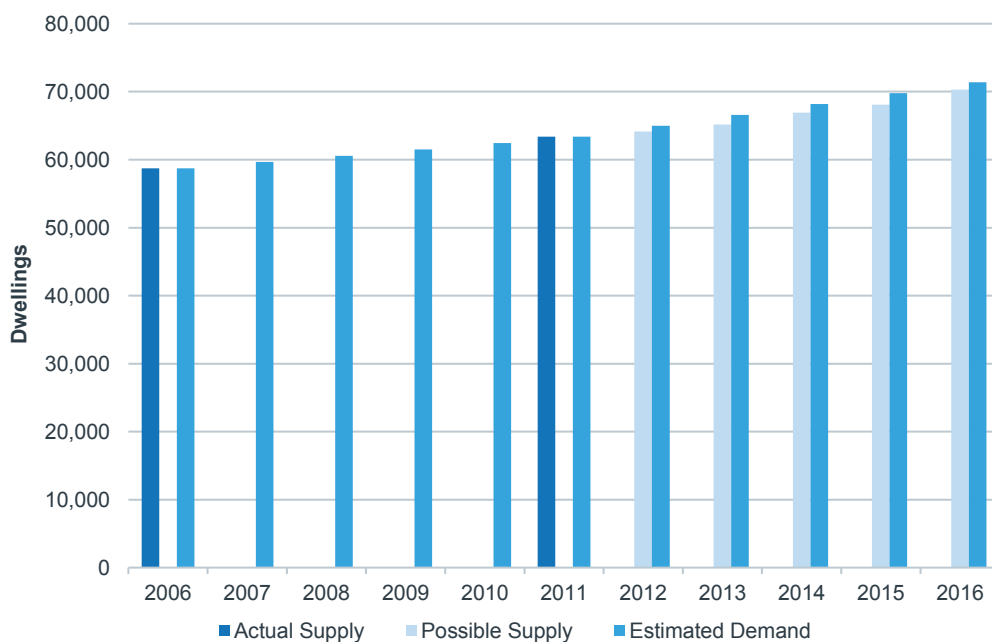
## 6.4 HOUSING IMPACTS

A direct benefit of the Masterplan is the development of up to 3,000 residential dwellings.

### Contribution to Housing

**Figure 6.5** demonstrates that there is a shortfall of residential dwellings in the Parramatta LGA. In 2014 there was a shortfall of 1,288, in 2015 there was a shortfall of 1,718 and in 2016 there is a shortfall of 1,110. The Proposal would contribute to delivering much needed residential supply.

**Figure 6.5: Parramatta LGA, Analysis of Housing Supply and Estimated Demand**



Source: ABS (2012), ABS (2016a)

### **Contribution towards Easing Housing Affordability**

The Sydney metropolitan area is in the midst of a housing affordability crisis. The Plan recognises that house prices in Sydney are high comparative to other Australian capitals and that government can assist to place downwards pressure on price rises through facilitating greater volumes of supply. In particular, additional units are noted as ensuring more people can access residential product which matches their lifestyle and budget.

Parramatta is slightly more affordable compared to the wider Sydney metropolitan area. The latest Housing Sales and Rent Report (FACS, 2015) indicates that the median price of a unit in Parramatta LGA in December quarter 2015 was \$527,000 compared to a Greater Sydney median of \$621,000 and the Middle Ring (within which the Parramatta LGA is situated) of \$611,000.

Over the last five years since December quarter 2010, based on the latest FACS data the median price of a unit in Parramatta LGA has increased by \$147,000 or 40%. By contrast the average price increase in Greater Sydney was 37% over the same period and in the Sydney Middle Ring it was 40%. Even though housing prices in Parramatta LGA are lower in comparison to Greater Sydney area and the Middle Ring, the rate of price increase over the past 5 years has been increasing significantly, as such initiatives to increase the volume of supply in the LGA will nevertheless help moderate the ever increasing median unit prices.

Increasing the volume of housing supply is a government imperative because it assists to ensure affordability by tempering the pace of house price growth. The provision of dwellings on the Site would help to achieve this and constitutes a strong positive economic impact.

### **Providing Housing Choice**

*A Plan for Growing Sydney* identifies the need to accelerate housing supply and local housing choice (Action 2.1.1) and acknowledges that increasing housing supply and addressing housing affordability and choice will assist in reaching the target.

Importantly the Plan acknowledges that Government and local councils need to understand and respond to the housing market in each and every Local Government Area. The housing market reflects consumer demand and willingness to pay for particular types of housing in particular locations. It is the role of the private sector to build new houses. The private sector will only develop housing on rezoned sites where there is sufficient consumer demand for it, at a price that provides a return to the developer. Local councils should assist housing production by identifying and rezoning suitable sites for housing.

Furthermore the Plan states that housing choice should be improved to suit different needs and lifestyles (Direction 2.3). The Plan acknowledges that research indicates a current shortage of semi-detached houses across Sydney and a shortage of apartments in the middle and outer areas of the city. This is affecting the capacity of people to buy or rent a home. The Plan states that in order to respond to these issues, the Government will introduce planning controls that increase the number of homes in established urban areas to take advantage of public transport, jobs and services.

The Masterplan would assist in the meeting these actions and directions by providing greater housing choice by increasing the supply of units and dwellings in the Parramatta LGA, which is at present dominated by detached dwellings.

## 7. POLICY ASSESSMENT

This chapter considers the policy analysed in **Chapter 2** and assesses the Proposal Case against it. Policy considerations of particular relevance to the EIA are: Section 117 Direction and Net Community Benefit Test. Each of these is considered below in the context of the Proposal.

### 7.1 SECTION 117 DIRECTION

The Section 117(2) of Environmental Planning and Assessment Act 1979 provides directions to planning authorities regarding proposals, Section 3.1 Housing, Infrastructure and Urban Development identified as being relevant. The objectives are identified below together with their consideration in the context of the Proposal.

**Table 7.1: Consistency with Section 117(2) Directions**

No.	Objective	Rezoning Scenario
1	To encourage a variety and choice of housing types to provide for existing and future housing needs	<p>The Site currently contains the Ageing, Disability and Home Care (ADHC) facility at 266 Victoria Road, Rydalmere and the former Macquarie Boys High School (MBHS) at 26 Kissing Point Road.</p> <p>The Proposal envisages development of the Site to accommodate up to 3,000 dwellings, with up to 40,000sqm of retail and commercial floor space.</p> <p>The Proposal Case complies with this objective.</p>
2	To make efficient use of existing infrastructure and services and ensure that new housing has appropriate access to infrastructure and services	<p>The planning amendment sought would make efficient use of social and transport infrastructure services. There is an existing bus route which runs along Victoria Road and a train station located at Rydalmere. Future residents at the Site could make use of this infrastructure.</p> <p>Furthermore, the proposed Parramatta Light Rail is set to improve access and connectivity to the Site.</p> <p>The Proposal complies with this Objective.</p>
3	To minimise the impact of residential development on the environment and resource lands	<p>The Proposal would consolidate new homes, jobs and investment in Parramatta in accordance with <i>A Plan for Growing Sydney</i> which states that Greater Parramatta should "provide capacity for additional mixed-use development in Parramatta CBD and surrounding precincts including offices and retail in Parramatta CBD, health services in Westmead, an education hub around the new WSU Campus, a technology and education precinct in Rydalmere, arts and culture in Parramatta, a sports precinct around Parramatta Stadium and housing in all precincts".</p> <p>The Proposal would have minimal impact on the environment and resource lands as it is already located in an urban area.</p> <p>For these reasons, the Proposal would fulfil this Objective.</p>

Section 117 Directions set out six requirements for planning authorities to consider when preparing a planning proposal that will affect land within an existing or proposed residential zone. This are considered below in relation to the Proposal.

**Table 7.2: Planning Authority Considerations**

Consideration	Achieved?	Explanation
Broaden the choice of building types and locations available in the housing market	Yes	The Proposal would accommodate up to 3,000 dwellings and broaden the choice of housing on the market.
Make more efficient use of existing infrastructure and services	Yes	This has been substantiated in Table 7.1.
Reduce the consumption of land for housing and associated urban development on the urban fringe	Yes	The Site is already located in an urban area and therefore not impact the urban fringe.
Contain a requirement that residential development is not permitted until land is adequately serviced (or arrangements satisfactory to the council, or other appropriate authority, have been made to service it)	Yes	The development would be adequately staged.

Consideration	Achieved?	Explanation
Not contain provisions which will reduce the permissible residential density of land	Yes	The Proposal will increase the residential dwellings on the Site.

## 7.2 NET COMMUNITY BENEFIT TEST

The Net Community Benefit Test set out below assesses the questions set out in the NSW Draft Centres Policy (2009). Table 7.3 addresses questions of particular relevance to the EIA.

**Table 7.3: Net Community Benefit Test**

Consideration	Explanation
Will the LEP facilitate a permanent employment generating activity or result in a loss of employment lands?	The Site currently has 131 employees on Site, the Proposal will increase this to accommodate 644 workers. This will assist in meeting employment targets.
Will the LEP impact upon the supply of residential land and therefore housing supply and affordability?	<p>'A Plan for Growing Sydney' (the Plan) sets out State government objectives for the Sydney metropolitan area over the period of the Plan (2011 to 2031). The Plan states have the accelerated delivery of new housing is a major goal with approximately 664,000 additional homes required in the 20 year period, equivalent to 33,200 new homes per annum. This is in response to population growth of 1.58 million.</p> <p><b>Figure 4.1</b> demonstrates that there is a shortfall of residential dwellings in the Parramatta LGA. In 2014 there was a shortfall of 1,288, in 2015 there was a shortfall of 1,718 and in 2016 there is a shortfall of 1,110. There is an imperative to increasing housing supply.</p> <p>The provision of up to 3,000 dwellings on the Site constitutes a strong positive economic impact.</p>
Will the LEP be compatible/complementary with surrounding land uses? What is the impact on amenity in the location and wider community? Will the public domain improve?	<p>Providing homes close to jobs, public transport, civic functions, retail and entertainment options is a community benefit. Doing so lowers the needs for residents to travel to access employment and the other services they require and promotes public transport use. As a result negative externalities of travel in terms of lost time commuting, monetary expenses of travel, pollution, congestion, traffic, noise and so on are minimise. For this reason, A Plan for Growing Sydney aims to provide homes closer to jobs (Direction 2.2/Action 2.2.2) and focus new housing in centres which have public transport that runs frequently and can carry large numbers of passengers.</p> <p>Parramatta LGA is an ideal place to concentrate new housing and retail/commercial development. Amendments to the planning controls of the Site and subsequent development of up to 3,000 dwellings in this location in addition to new employment opportunities on site constitutes a strong positive economic impact.</p>
Will the proposal increase choice and competition by increasing the number of retail and commercial premises operating in the area?	The Proposal Case envisages provision of 40,000sqm of new retail/commercial floorspace. This will undoubtedly increase consumer choice and promote competition, all of which are associated with positive economic impacts.



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## APPENDIX A: INPUT-OUTPUT METHODOLOGY

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### INPUT-OUTPUT MODEL OVERVIEW

Input-Output analysis demonstrates inter-industry relationships in an economy, depicting how the output of one industry is purchased by other industries, households, the government and external parties (i.e. exports), as well as expenditure on other factors of production such as labour, capital and imports. Input-Output analysis shows the direct and indirect (flow-on) effects of one sector on other sectors and the general economy. As such, Input-Output modelling can be used to demonstrate the economic contribution of a sector on the overall economy and how much the economy relies on this sector or to examine a change in final demand of any one sector and the resultant change in activity of its supporting sectors.

The economic contribution can be traced through the economic system via:

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

These effects can be identified through the examination of four types of impacts:

- **Output:** Refers to the gross value of goods and services transacted, including the costs of goods and services used in the development and provision of the final product. Output typically overstates the economic impacts as it counts all goods and services used in one stage of production as an input to later stages of production, hence counting their contribution more than once.
- **Gross Product:** Refers to the value of output after deducting the cost of goods and services inputs in the production process. Gross product defines the true net contribution and is subsequently the preferred measure for assessing economic impacts.
- **Income:** Measures the level of wages and salaries paid to employees of the industry under consideration and to other industries benefiting from the project.
- **Employment:** Refers to the part-time and full-time employment positions generated by the economic shock, both directly and indirectly through flow-on activity, and is expressed in terms of full-time equivalent (FTE) positions.

Input-Output multipliers can be derived from open (Type I) Input-Output models or closed (Type II) models. Open models show the direct effects of spending in a particular industry as well as the indirect or flow-on (industrial support) effects of additional activities undertaken by industries increasing their activity in response to the direct spending.

Closed models re-circulate the labour income earned as a result of the initial spending through other industry and commodity groups to estimate consumption induced effects (or impacts from increased household consumption).

## MODEL DEVELOPMENT

Multipliers used in this assessment are derived from sub-regional transaction tables developed specifically for this project. The process of developing a sub-regional transaction table involves developing regional estimates of gross production and purchasing patterns based on a parent table, in this case, the 2012-13 Australian transaction table (ABS, 2015).

Estimates of gross production (by industry) in the study area were developed based on the percent contribution to employment (by place of work) of the study area to the Australian economy (ABS, 2012), and applied to Australian gross output identified in the 2012-13 Australian table.

Industry purchasing patterns within the study area were estimated using a process of cross-industry location quotients and demand-supply pool production functions as described in West (1993).

Where appropriate, values were rebased from 2012-13 (as used in the Australian national Input-Output transaction tables) to 2016 values using the Consumer Price Index (ABS, 2016).

## MODELLING ASSUMPTIONS

The key assumptions and limitations of Input-Output analysis include:

- **Lack of supply-side constraints:** The most significant limitation of economic impact analysis using Input-Output multipliers is the implicit assumption that the economy has no supply-side constraints, so the supply of each good is perfectly elastic. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices:** Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using Input-Output multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. The system is in equilibrium at given prices, and prices are assumed to be unaffected by policy and any crowding out effects are not captured. This is not the case in an economic system subject to external influences.
- **Fixed ratios for intermediate inputs and production (linear production function):** Economic impact analysis using Input-Output multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. That is, the input function is generally assumed linear and homogenous of degree one (which implies constant returns to scale and no substitution between inputs). As such, impact analysis using Input-Output multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount. Further, it is assumed each commodity (or group of commodities) is supplied by a single industry or sector of production. This implies there is only one method used to produce each commodity and that each sector has only one primary output.
- **No allowance for economies of scope:** The total effect of carrying on several types of production is the sum of the separate effects. This rules out external economies and diseconomies and is known simply as the “additivity assumption”. This generally does not reflect real world operations.
- **No allowance for purchasers’ marginal responses to change:** Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints:** Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

Despite these limitations, Input-Output techniques provide a solid approach for taking account of the inter-relationships between the various sectors of the economy in the short-term and provide useful insight into the quantum of final demand for goods and services, both directly and indirectly, likely to be generated by a project.

In addition to the general limitations of Input-Output Analysis, there are two other factors that need to be considered when assessing the outputs of sub-regional transaction table developed using this approach, namely:

- It is assumed the sub-region has similar technology and demand/ consumption patterns as the parent (Australia) table (e.g. the ratio of employee compensation to employees for each industry is held constant).
- Intra-regional cross-industry purchasing patterns for a given sector vary from the national tables depending on the prominence of the sector in the regional economy compared to its input sectors. Typically, sectors that are more prominent in the region (compared to the national economy) will be assessed as purchasing a higher proportion of imports from input sectors than at the national level, and vice versa.

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