

24 April 2017

FIVEX  
c/- Mecone

Submitted via email: lmccourt@mecone.com.au

Dear Lee,

## RE: ROCKDALE TRANSPORT INTERCHANGE PRECINCT – ECONOMIC ASSESSMENT

Thank you for your instructions to provide high-level commentary on the likely economic activity generated by the proposed Rockdale Transport Interchange Precinct which forms an important part of the Rockdale Town Centre Masterplan (hereafter referred to as the Precinct).

The proposed precinct envisages 236 residential apartments, 4,425 sqm of retail floorspace and 968 sqm of commercial floorspace.

### DRIVERS OF ECONOMIC ACTIVITY

In order to understand the economic activity likely to result from development, it is necessary to distinguish economic impacts during the construction phase and economic activity that will be more permanent in nature due to ongoing operations.

#### Construction Phase

Construction activity will draw resources from and thereby generate economic activity in Bayside Local Government Area (LGA) as well as from outside the LGA. For the purposes of modelling, it is assumed that 50% of construction activity would be sourced from local businesses and labour (including construction and professional services activity)<sup>1</sup>. Assumptions used to develop the construction phase estimates are presented in the table below.

**Table 1: Construction Phase Drivers**

Area	ANZSIC (Australia New Zealand Standards Industrial Classification)	\$M (Including Contingency)	Bayside LGA (\$M)
Residential	Residential Building Construction	\$86.4	\$43.2
Retail	Non-Residential Building Construction	\$8.3	\$4.2
Commercial	Non-Residential Building Construction	\$2.0	\$1.0
Professional Fees	Professional, Scientific and Technical Services	\$9.7	\$4.8
<b>Total</b>		<b>\$106.4</b>	<b>\$53.2</b>

Note: Totals may not sum due to rounding.

Source: AEC

<sup>1</sup> Further adjustments to account for local content within the analysis include:

- Approximately 25% of purchases on goods and services (supply chain related activity) made by construction-related businesses sourced from outside the Bayside LGA would be spent within the local economy (i.e., 25% of the Type I flow on activity associated with non-local construction companies is assumed to represent additional local activity in Bayside LGA).
- Approximately 5% of wages and salaries paid to construction-related workers sourced from outside the region would be spent on local goods and services, such as food and beverages (i.e., 5% of the Type II flow on activity associated with non-local workers is assumed to represent additional local activity in Bayside LGA).

## Operational Phase

Estimates of direct operational phase activity have been developed utilising employment density ratios of 30sqm/Full-Time Equivalent (FTE) employee for retail space and 20sqm/FTE for commercial space. Based on these respective employment levels, estimates for direct output were developed using the output to employment ratios outlined in the Input-Output transaction table developed for Bayside LGA as part of this project. Employment industries have been assumed to be representative of the broader Rockdale town centre as per the table below.

Note the analysis does not consider the potential for the transfer of activity from existing Bayside businesses into the Precinct.

**Table 2: Operational Turnover Estimates**

ANZSIC	FTE	Turnover (\$M)
Manufacturing	4	\$0.3
Construction	12	\$8.1
Wholesale Trade	3	\$1.0
Retail Trade	34	\$4.6
Accommodation and Food Services	18	\$2.4
Transport, Postal and Warehousing	6	\$2.7
Information Media and Telecommunications	2	\$1.5
Financial and Insurance Services	7	\$4.7
Rental, Hiring and Real Estate Services	6	\$2.8
Professional, Scientific and Technical Services	21	\$5.2
Administrative and Support Services	10	\$3.7
Public Administration and Safety	20	\$4.4
Education and Training	10	\$2.1
Health Care and Social Assistance	30	\$4.2
Arts and Recreation Services	3	\$0.4
Other Services	10	\$2.1
<b>Total</b>	<b>196</b>	<b>\$50.2</b>

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

The economic impacts/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.
- **Indirect Impacts** (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:
  - **Indirect Impact (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.
  - **Indirect Impact (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.

The premise behind Type I and Type II indirect impacts applies across both the construction and operational phase, except the impacts on industry will be different. For example, Type I impacts during the construction phase may include professional services (e.g. architects, engineers), manufacturing (steel, construction materials) while examples of Type I impacts during the operational phase may include manufacturing (food and beverage, food related), administrative and support services (e.g. building cleaning, employment services, travel agencies, etc.).

## CONSTRUCTION IMPACTS

The construction phase associated with the development is expected to support the following economic activity within the Bayside LGA through direct and flow-on impacts:

- \$121.5 million in additional output.
- \$44.6 million in contribution to Gross Regional Product (GRP).
- \$27.6 million in incomes and salaries.
- 354 FTE jobs, including 99 direct jobs.

**Table 3: Construction Impacts**

Impact	Output (\$M)	Gross Regional Product (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$53.2	\$12.2	\$8.7	99
Type I Flow-On	\$36.1	\$15.5	\$9.2	111
Type II Flow-On	\$32.2	\$16.9	\$9.7	144
<b>Total</b>	<b>\$121.5</b>	<b>\$44.6</b>	<b>\$27.6</b>	<b>354</b>

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

## OPERATIONAL ACTIVITY

Once established and achieving steady state operations, the Precinct is expected to continue to make a significant contribution to the local economy. Ongoing operations are estimated to support the following (direct and flow-on) economic activity on an ongoing annual basis:

- \$111.6 million in output.
- \$58.7 million contribution to GRP.
- \$35.0 million in incomes and salaries.
- 446 FTE jobs, including 196 direct jobs.

**Table 4: Operational Activity (Ongoing Annual)**

Impact	Output (\$M)	Gross Regional Product (\$M)	Incomes (\$M)	Employment (FTE)
Direct	\$50.2	\$27.6	\$17.2	196
Type I Flow-On	\$19.5	\$9.0	\$5.2	63
Type II Flow-On	\$41.9	\$22.0	\$12.6	187
<b>Total</b>	<b>\$111.6</b>	<b>\$58.7</b>	<b>\$35.0</b>	<b>446</b>

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

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## CONCLUSION

The modelling conducted indicates the proposed precinct will make a significant contribution to the Bayside LGA economy through its construction phase and once operational.

Please do not hesitate to contact the undersigned should you require clarification.

Yours sincerely,



**Esther Cheong**

Principal, Property Economics and Valuations

P: 02 9283 8400

E: [esther.cheong@aecgrouppltd.com](mailto:esther.cheong@aecgrouppltd.com)