

21 September 2020

Dear Ary

## Subject: 1-7 Ramsay Road & 5-7 Harrabrook Ave Five Dock

As instructed we have prepared a high level assessment of the economic benefits of the subject proposed development. The benefits that have been measured include capital investment value, jobs generated from design and construction (measured in job years or jobs over one year), multiplier impacts, jobs on site post construction and government revenue from taxes, development contributions and other sources.

### Capital Investment Value

Capital investment value (including construction costs, design and statutory application fees) is estimated at \$23.35m. This was estimated as follows:

Item			sqm	\$/sqm	\$ Amount
Demolition			1,020	165	168,300
Construction	Commercial		522	2,750	1,436,111
	Residential		4,468	3,300	14,743,667
	Balconies		576	1,100	633,600
	Car Parking	(spaces)	52	57,500	2,972,750
	Site costs and external works (say)				450,000
	Contingency @	5.0%			1,020,221
Design & Fees @		9.0%	of construction		1,928,218
<b>TOTAL (round up)</b>					<b>23,353,000</b>

Sources: Various including Rawlinsons Construction Handbook 2020, RLB Digest, Napier and Blakeley and HillPDA

### Multiplier Impacts

Multiplier impacts from construction are as follows:

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
Output multipliers	1	0.620	0.661	0.905	3.186
Output (\$million)	23.4	14.5	15.4	21.1	74.4

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0)

Hence \$23.4m CIV generates a further \$29.9m of production induced impacts and \$21.1m of consumption induced impacts. Total economic output both direct and through multiplier impacts = \$74.4m.

## Employment Impacts through construction

Employment generated by construction is as follows:

	Direct Effects	Production Induced Effects		Consumption Induced Effects	Total
		First Round Effects	Industrial Support Effects		
<b>Multipliers</b>	1	0.731	0.851	1.434	4.016
<b>Employment No. per \$million</b>	2.497	1.826	2.125	3.581	10.029
<b>Total Job Years Generated</b>	58.3	42.6	49.6	83.6	234.2

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0)

The development will generate 58 job years directly in design and construction. A further 92 job years will be generated in production induced impacts and a further 84 job years in consumption induced impacts. Total job years directly and indirectly created would be 234.

## Jobs on Site

Based on one job for every 26sqm of leasable retail floor space the number of jobs in retail operations would be 15. A further 3 persons are expected to undertake the majority of their work at home on the subject site (ABS Locations of Work 2008 Cat 6275.0). The proposal will therefore generate 18 permanent jobs on site when fully occupied.

## Workers' Remuneration

Total remuneration of the 18 workers on site would be \$660,000 per annum (IBIS World Reports 2020 and HillPDA).

## Gross Value Added

Gross value added (GVA) is the contribution made to the local economy from retail operations on site and people working from home. GVA refers to the market value of goods and services produced by the industries on site minus the cost of goods and services used in production. GVA is also described as the firm's or industry's contribution to GDP. The main components of GVA are profits, staff remuneration, taxes and depreciation.

GVA has been calculated at \$980,000 per annum (IBIS World Reports 2020 and HillPDA).

## Whole of Government Revenue

Government has already made a million dollars revenue in terms of stamp duties from land acquisitions and is expected to make a further \$12.8m revenue from the project. Components of revenue is shown in the table immediately below.

Source of Revenue	TOTAL (\$m)
GST from Residential Apartments * <sup>1</sup>	4.73
Stamp duty from Acquisitions * <sup>2</sup>	1.01
Stamp Duty Revenue from sales * <sup>3</sup>	7.04
Developer Contributions * <sup>4</sup>	0.62
Payroll Tax during Construction * <sup>5</sup>	0.45
<b>TOTAL</b>	<b>13.84</b>

\*<sup>1</sup> Assuming average apartment sale price of \$1.3m

\*<sup>2</sup> Stamp duties from acquisitions to date

\*<sup>3</sup> Assuming average apartment sale price of \$1.3m

\*<sup>4</sup> Section 7.11 charges

\*<sup>5</sup> Assuming 50% of workers do not attract payroll tax due to varying business sizes

## DRAFT

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