

APPENDIX K

Economic Impact Assessment



MIXED USE DEVELOPMENT
BROOKES PARADE,
BELMONT

Economic Impact Statement

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PROJECT:	Economic impact assessment for a proposed mixed use development
CLIENT:	KML Joint Venture
OUR REFERENCE:	13/0524
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CERTIFICATION:	I hereby certify that this assessment has been prepared in accordance with the requirements of the Environmental Planning and Assessment Act 1979 and its associated Regulations. I certify that to the best of my knowledge the information contained within this Report is neither false nor misleading.

SIGNATURE:

A handwritten signature in blue ink, appearing to read 'D Holloway'.

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1. INTRODUCTION

Monteath & Powys has been engaged by KML Joint Venture to undertake an economic impact assessment (EIA) for a multi-storey mixed use development in Brookes Parade, Belmont. The purpose of this EIA is to determine the economic impacts of the proposed development and provide recommendations to mitigate impacts of concern. This EIA will accompany the development application to Lake Macquarie City Council (LMCC) for the proposed development.

1.1 SITE DESCRIPTION

The site is located in the suburb of Belmont, within the Lake Macquarie Local Government Area (LGA). The subject site is within the Belmont Town Centre which is some 17 kilometres from Newcastle CBD. It is generally surrounded by a mix of land uses including existing residential development, mixed use multi-storey buildings, and commercial/retail premises. The site is bounded by Edgar Street to the east, Sharp Street to the south, Brooks Parade to the west and Maude Street to the north. The Belmont Town Centre is dissected by the Pacific Highway which is approximately 250 metres to the east of the site.

The site comprises fourteen lots in total as identified in Table 1.1 and is approximately 6,848 square metres in size.

Table 1.1: Property Descriptions

Lot	Section	DP
11	B	585
A	-	400644
B	-	400644
2	-	353066
1	-	353066
4	-	12898
5	-	12898
6	-	12898
10	B	585
8	-	12898
B	-	339105
A	-	339105
4	B	585
3	B	585

The site is zoned B4 Mixed Use under Lake Macquarie LEP 2014. Access to the site is available from Brooks Parade, Sharp Street and Edgar Street. Lake Macquarie is to the west of the site. The site is shown in Figures 1.1 to 1.2 below.

1.2 GUIDELINES

As part of preparing this economic impact assessment relevant guidelines were considered. Any guideline was considered in relation to the size, location and potential impacts of the proposed development. These guidelines included:

- Lake Macquarie City Council Economic Impact Assessment Guideline, 2013;



Figure 1.1: Regional Locality Map



Figure 1.2: Locality Map

2. PROPOSED DEVELOPMENT

2.1 THE PROPOSAL

The proposed development involves the demolition of the existing structures and the construction of a mixed use development comprising four separate buildings. The development comprises a 130 unit residential flat building and three (3) retail/commercial units, landscaping, communal open space and basement car parking. The development specifically includes:

Summary of Proposed Development	
Number of units and unit mix (Residential)	20, one-bedroom + study units 10, two-bedroom units 78, two-bedroom + study units 9, three-bedroom units 13, three-bedroom + study units
Number of units and size (Retail/Commercial)	1 Building B, 236.18m ² 1 Building A, 210.98m ² 1 Building D, 58.97m ²
Parking	Units Parking – 135 spaces Visitor Parking – 34 spaces Retail/Commercial Parking – 19 spaces Motorbike Parking – 5 spaces Bicycle Parking – 57 spaces
Landscaping	1,207m ²

3. METHODOLOGY

A multi method approach was undertaken as part of this economic impact assessment in order to ascertain the potential impacts of the proposed development. This methodology includes:

- Review of economic and employment data from the ABS;
- Review of relevant documentation including economic development strategies;
- Review of the economic impacts of residential development;
- Consideration of employment opportunities and increases in demand for the additional population;
- Review of ABS Input-Output data and National Accounts;
- Identification of the economic impacts of the proposed residential development including multiplier effects

4. STRATEGIC AND PLANNING CONSIDERATIONS

This section identifies the strategic and planning policies that are applicable to the proposed development in relation to this economic impact assessment.

4.1 ENVIRONMENTAL PLANNING AND ASSESSMENT ACT 1979

The proposed development will be assessed under Part 4 of the Environmental Planning and Assessment Act 1979. The Joint Regional Planning Panel (JRPP) will be the determining authority for the development, as the development is greater than \$20 million. The development is proposed under Lake Macquarie Local Environmental Plan (LEP) 2014.

4.2 HUNTER REGIONAL PLAN

The Hunter Regional Plan (HRP) was released in 2016 by the NSW Department of Planning and Environment. The Plan is the strategic plan and vision document for guiding growth in the Hunter to 2036. At its centrepiece is the strategic direction for the Greater Newcastle area, which includes Lake Macquarie. The Greater Newcastle area is anticipated to accommodate and extra 600,000 people to 2036. With comes an anticipated 62,000 increase in job numbers. The Plan identifies that the aims for Greater Newcastle include:

- Connect strategic centres in Greater Newcastle;
- Develop a national Centre of Excellence for Health and Education;
- Expand the capacity of Global Gateways – Newcastle port and airport; and
- Establish governance.

These aims are very broad. Nonetheless, the Belmont to Charlestown corridor is identified as an urban renewal corridor, with Belmont identified as a significant local centre.

The proposed development will continue to emphasise Belmont as a town centre and address the urban renewal potential of Belmont.

4.3 LAKE MACQUARIE LIFESTYLE 2030 STRATEGY

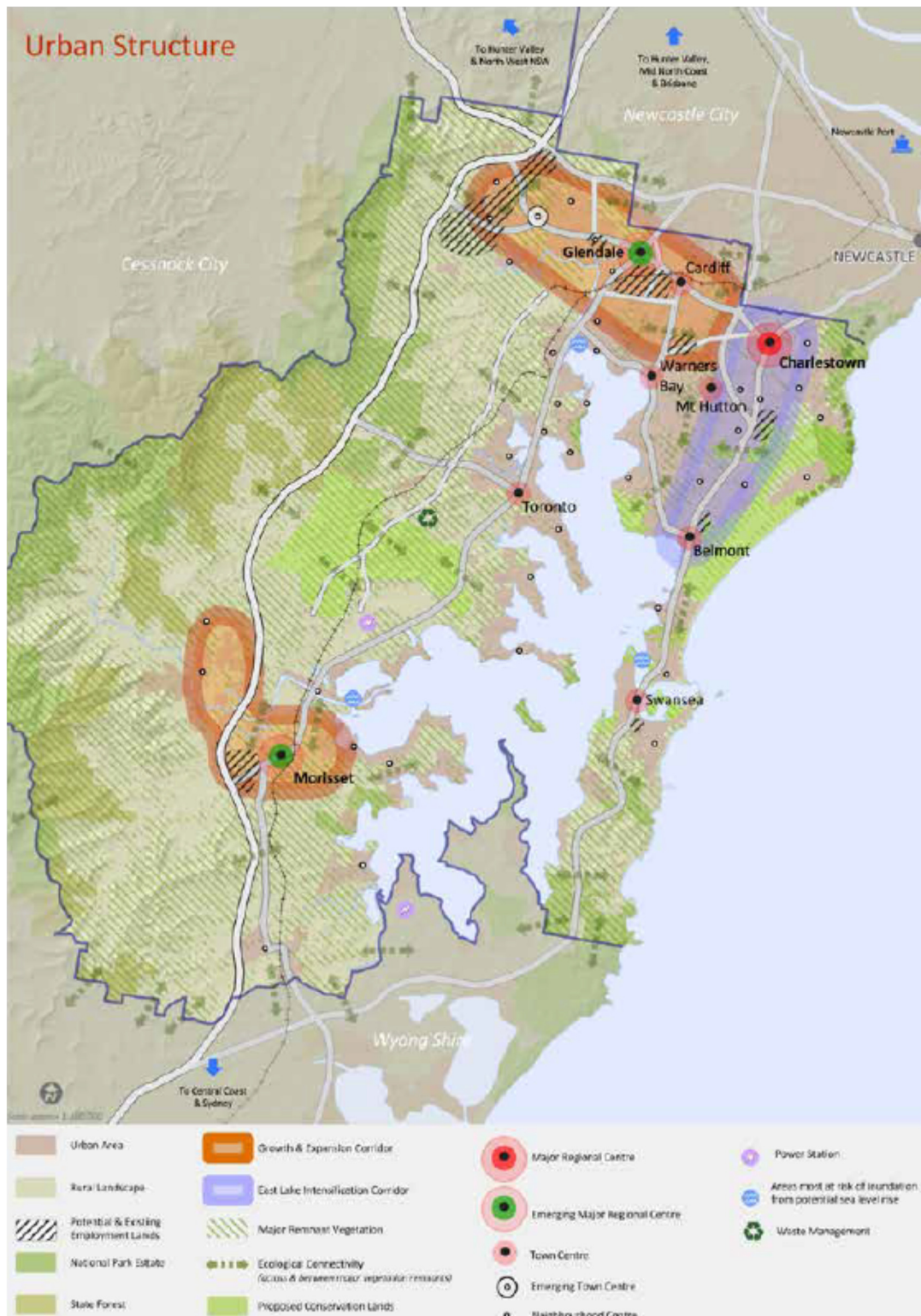
Lifestyle 2030 Strategy is the strategic land use plan prepared by Lake Macquarie City Council to inform the development of the local government area. The current strategy was adopted by Council in March 2013. The extent of Lake Macquarie local government area and its urban structure are illustrated in Figure 4.1 below. Lifestyle 2030 has seven strategic directions, each illustrated by numerous statements of the desired outcomes. The key desired outcomes for each strategic direction are supported by the potential development of the subject site. Overall, the potential development is consistent with the objectives of the Lake Macquarie Lifestyle 2030 Strategy.

4.3.1 Belmont Town Centre

Belmont is identified in the Strategy as a Town Centre within the East Lake Intensification Corridor. The strategy expects urban zoned land in the corridor to be developed for multi-unit housing close to centres and well serviced by public transport routes, as well as employment, community services and facilities. The intensification for housing assists to maintain the supply of industrial land for manufacturing activities in the corridor, such as Redhead and Bennetts

Green, which plays an important role in the local and regional economy. Intensification limits the growth of the urban footprint, protecting ecological lands along the along the east and west sides of the corridor from Belmont to Charlestown.

Figure 4.1: Lake Macquarie Urban Structure



4.4 LAKE MACQUARIE COMMUNITY STRATEGIC PLAN

The Lake Macquarie Community Strategic Plan 2013-2023, represents Council's vision for the City of Lake Macquarie. As Council's key strategic planning document, this Plan presents the main priorities of the community, and sets out the long-term strategies developed to respond to these priorities. The Plan identifies that a cooperative approach is required to ensure the priorities of the community are addressed. For Council, this involves building and maintaining partnerships with external partners, including state and federal government departments and agencies, non-government organisations and community groups. The Strategy covers areas such as sustainability/environment, population growth, economic development etc but does not specifically identify any geographical areas or centres. The Strategy is more an LGA wide vision for Lake Macquarie and subsequent strategies (e.g. land use strategy, social plan etc) will provide more detail.

4.5 LAKE MACQUARIE DEVELOPMENT CONTRIBUTIONS PLAN

It is identified that the proposal will be required to pay development contributions under Lake Macquarie's relevant development contributions plan.

5. ECONOMIC CONSIDERATIONS

5.1 INTRODUCTION

This section presents an overview of the economic characteristics of the Belmont area and Lake Macquarie more generally. The potential economic impacts of the proposed development are also examined. It is noted that the data presented for 'Belmont' includes the state suburb of Belmont as identified by the Australian Bureau of Statistics (ABS).

5.2 CENSUS ECONOMIC PROFILE

Household Income

The median weekly household income in Belmont in 2011 was \$860 which is lower than the median household income for Lake Macquarie LGA (\$1,117).

Some 20% of households in Belmont earn more than \$2,000 per week (2011 figures), which is less than that for Lake Macquarie LGA (23%). Belmont has a very large proportion of households who earn less than \$1,000 per week. At 50% the proportion of households earning less than \$1,000 per week in Belmont is significantly higher than that for Lake Macquarie (41%).

Labour Force

In 2011, 6% of persons in Belmont were unemployed which is slightly higher than that for Lake Macquarie LGA (5.3%). In 2011, the labour force participation rate in Belmont (52%) was lower than that for Lake Macquarie LGA as a whole (57%). Interestingly, the proportion of the labour force employed part time in Belmont is similar to that for Lake Macquarie, however, the proportion of the labour force employed full time is slightly less than the figure for Lake Macquarie.

Occupation

Given some of the income data above it is surprising that there is a higher proportion of Managers in Belmont (11%) compared to Lake Macquarie LGA as a whole (9.7%). Nonetheless, Belmont has a slightly lower proportion of Professionals and Technicians compared with other areas in Lake Macquarie, while the proportion of Clerical and Administrative Workers is slightly higher than that for Lake Macquarie.

Industry of Employment

The largest employment sectors in Belmont are Health Care and Social Assistance, Retail, Construction which represents just over one-third of employed persons in Belmont. This is similar for Lake Macquarie as a whole. When compared to the average for Lake Macquarie as a whole, Belmont has an under representation of persons in the Manufacturing and Education and Training Sectors.

Table 5.1: Social and Economic Profile, Belmont

	Belmont (SSC)	Lake Macquarie LGA
Persons	6,420	189,006
Occupied Dwellings	2,698	70,558
Median Household Income	860	1,117
Dwelling Type		
Separate Houses	71.2%	86.4%
Semi Detached Dwellings	8.5%	7.3%
Flats and Units	15.5%	5.3%
Other Dwelling Type	4.6%	1.0%
Not Stated	0.1%	0.0%
Tenure		
Owned (with or without mortgage)	65.2%	73.6%
Privately Rented Dwelling	22.6%	16.4%
Rented from Social Housing Provider	5.4%	5.5%
Other Tenure Type/Not Stated	6.7%	4.5%
Number of Motor Vehicles		
No motor vehicles	12.8%	7.1%
One motor vehicle	38.7%	35.0%
Two motor vehicles	31.3%	37.3%
Three or More Motor Vehicles	12.8%	17.5%
Not Stated	4.5%	3.0%
Labour Force		
Unemployment Rate (at Census)	6.0	5.3
Labour Force Participation Rate (at Census)	52.3	57.4
Employed Full-time	56.4%	57.1%
Employed Part-time	31.6%	31.5%
Employed (not at work)	4.4%	4.1%
Unemployed, looking for:		
Full-time work	3.5%	3.1%
Part-time work	2.5%	2.2%
Field of Study		
Natural and Physical Sciences	1.6%	1.9%
Information Technology	1.3%	1.5%
Engineering and Related Technologies	20.6%	21.6%
Architecture and Building	8.3%	7.0%
Agriculture, Environmental and Related Studies	1.4%	1.5%
Health	9.8%	10.5%
Education	8.5%	8.7%
Management and Commerce	15.9%	16.6%
Society and Culture	7.0%	8.2%
Creative Arts	1.4%	2.0%
Food, Hospitality and Personal Services	5.1%	4.8%
Mixed Field Programmes	0.2%	0.1%
Field of Study Not Stated	18.9%	15.6%

	Belmont (SSC)	Lake Macquarie LGA
Industry of Employment		
Agriculture, forestry and fishing	0.2%	0.3%
Mining	2.9%	2.6%
Manufacturing	8.1%	10.3%
Electricity, gas, water and waste services	2.0%	2.0%
Construction	10.9%	9.1%
Wholesale trade	3.6%	3.2%
Retail trade	11.1%	11.7%
Accommodation and food services	8.4%	6.3%
Transport, postal and warehousing	4.1%	4.3%
Information media and telecommunications	1.2%	1.0%
Financial and insurance services	3.4%	3.3%
Rental, hiring and real estate services	1.4%	1.4%
Professional, scientific and technical services	5.2%	5.5%
Administrative and support services	3.2%	3.0%
Public administration and safety	5.8%	5.6%
Education and training	7.6%	8.6%
Health care and social assistance	13.8%	14.5%
Arts and recreation services	0.8%	1.1%
Other services	4.1%	4.3%
Not Stated	2.2%	2.0%
Occupation		
Managers	11.3%	9.7%
Professionals	17.9%	19.0%
Technicians and trades workers	16.2%	16.7%
Community and personal service workers	10.5%	10.0%
Clerical and administrative workers	16.1%	15.2%
Sales workers	10.8%	10.5%
Machinery operators and drivers	6.1%	7.4%
Labourers	9.8%	9.9%
Not Stated	1.3%	1.5%
Household Income		
Less than \$400	17.8%	12.6%
\$400-\$599	14.4%	11.2%
\$600-\$999	18.0%	17.4%
\$1,000 - \$1,499	11.5%	14.2%
\$1,500 - \$1,999	7.9%	11.0%
\$2,000 - \$2,999	12.0%	14.5%
\$3,000 or more	7.6%	8.5%
Not Stated	10.6%	10.4%

Dwelling Type

The suburb of Belmont is approximately 71% separate houses which is significantly lower than the proportion of separate houses in Lake Macquarie LGA (86%). Belmont has nearly three times the proportion of flats/units (15.5%) than the average for Lake Macquarie as a whole (5.3%). The proportion of semi-detached dwellings is slightly higher in Belmont (8.5%) than for Lake Macquarie LGA (7.3%).

Tenure

The proportion of households in Belmont that are renting a dwelling (23%) is significantly higher than the proportion for Lake Macquarie LGA (16%). Conversely, the proportion of households who own or a purchasing a dwelling is lower in Belmont (65%) than for the LGA as a whole (74%).

Motor Vehicles

The households in Belmont with no or one motor vehicle (51%) is significantly higher than that for the LGA as a whole (42%). Conversely, the proportion of households with two or more vehicles in Belmont is lower than that for the LGA.

Field of Study

Some 36% of the labour force in Belmont is qualified in Engineering and Related Technologies and Management and Commerce. This is similar across the LGA. Belmont has a slight under-representation of workers qualified in the fields of Society and Culture and Creative Arts and a slight over-representation of workers qualified in Food, Hospitality and Personal Services compared to the LGA as a whole. Overall though the field of study in Belmont is similar to the trends identified across the LGA.

5.3 OTHER ECONOMIC DATA

Table 5.2 considers the Output (\$) of the Lake Macquarie economy which represents the gross revenue generated by businesses/organisations in by industry sectors in Lake Macquarie. Gross revenue is also referred to as total sales or total income. The output generated by the Lake Macquarie economy is estimated at \$17.8 billion. Lake Macquarie represents about 19% of the output generated in Hunter Region, and approximately 1.70 % of the output generated in New South Wales. The largest sectors that contribute to this output in Lake Macquarie is Manufacturing, Rental, Hiring & Real Estate Services, Construction and Mining. These four sectors represent 55% of the output generated in Lake Macquarie. Conversely, Agriculture, Forestry and Fishing contribute the least gross revenue of industry sectors in Lake Macquarie.

Table 5.2: Output by Industry
(source: REMPlan)

Industry	Lake Macquarie	Hunter Region
Total	\$17,816.563 M	\$92,180.184 M
Manufacturing	\$4,200.931 M	\$21,136.016 M
Rental, Hiring & Real Estate Services	\$2,036.292 M	\$8,049.476 M
Construction	\$1,899.279 M	\$8,972.652 M
Mining	\$1,603.410 M	\$12,083.509 M
Financial & Insurance Services	\$1,040.794 M	\$4,287.182 M
Retail Trade	\$1,008.783 M	\$3,493.672 M
Health Care & Social Assistance	\$880.934 M	\$3,881.547 M
Electricity, Gas, Water & Waste Services	\$679.851 M	\$4,549.967 M
Professional, Scientific & Technical Services	\$672.415 M	\$3,926.347 M
Wholesale Trade	\$627.028 M	\$2,774.684 M
Education & Training	\$569.996 M	\$2,674.522 M
Accommodation & Food Services	\$528.680 M	\$2,644.440 M
Public Administration & Safety	\$503.196 M	\$4,008.310 M
Transport, Postal & Warehousing	\$488.430 M	\$3,334.777 M
Other Services	\$364.676 M	\$1,578.591 M
Administrative & Support Services	\$346.545 M	\$1,876.529 M
Information Media & Telecommunications	\$196.034 M	\$1,194.910 M
Arts & Recreation Services	\$110.565 M	\$512.846 M
Agriculture, Forestry & Fishing	\$58.723 M	\$1,200.209 M

Table 5.3: Wages and Salaries by Industry
(source: REMPlan)

Industry	Lake Macquarie	Hunter Region
Total	\$4,071.390 M	\$20,547.682 M
Health Care & Social Assistance	\$580.745 M	\$2,509.707 M
Manufacturing	\$538.420 M	\$2,423.461 M
Retail Trade	\$386.216 M	\$1,337.563 M
Education & Training	\$378.731 M	\$1,778.577 M
Construction	\$301.589 M	\$1,441.518 M
Mining	\$249.006 M	\$1,861.118 M
Financial & Insurance Services	\$238.277 M	\$952.922 M
Public Administration & Safety	\$237.604 M	\$1,898.331 M
Professional, Scientific & Technical Services	\$218.190 M	\$1,279.782 M
Wholesale Trade	\$193.200 M	\$854.938 M
Accommodation & Food Services	\$150.752 M	\$710.771 M
Administrative & Support Services	\$148.859 M	\$822.621 M
Other Services	\$119.770 M	\$542.146 M
Transport, Postal & Warehousing	\$117.663 M	\$782.002 M
Rental, Hiring & Real Estate Services	\$75.448 M	\$376.755 M
Electricity, Gas, Water & Waste Services	\$73.865 M	\$554.606 M
Information Media & Telecommunications	\$31.775 M	\$190.502 M
Arts & Recreation Services	\$24.092 M	\$111.793 M
Agriculture, Forestry & Fishing	\$7.188 M	\$118.568 M

The wages and salaries paid by businesses in Lake Macquarie is estimated at \$4.07 billion. Lake Macquarie represents about 20% of the \$20.5 billion in wages and salaries paid by businesses in Hunter Region. The largest sectors for wage and salary earners in Lake Macquarie are Health Care and Social Assistance, Manufacturing and Retail Trade. The sector with the lowest contribution to wages and salaries in Lake Macquarie is Agriculture, Forestry and Fishing.

Table 5.4: Regional Exports by Industry
(source: REMPlan)

Industry	Lake Macquarie	Hunter Region
Total	\$5,186.360 M	\$30,606.725 M
Manufacturing	\$2,259.845 M	\$11,030.838 M
Mining	\$1,415.277 M	\$10,908.426 M
Electricity, Gas, Water & Waste Services	\$444.180 M	\$1,677.353 M
Financial & Insurance Services	\$231.947 M	\$876.683 M
Construction	\$154.822 M	\$1,528.884 M
Wholesale Trade	\$136.905 M	\$605.823 M
Retail Trade	\$102.248 M	\$155.523 M
Accommodation & Food Services	\$78.282 M	\$418.672 M
Transport, Postal & Warehousing	\$77.802 M	\$663.114 M
Other Services	\$51.767 M	\$154.599 M
Rental, Hiring & Real Estate Services	\$47.011 M	\$340.149 M
Professional, Scientific & Technical Services	\$39.862 M	\$228.980 M
Administrative & Support Services	\$36.488 M	\$177.670 M
Information Media & Telecommunications	\$33.863 M	\$192.824 M
Health Care & Social Assistance	\$33.263 M	\$283.237 M
Education & Training	\$24.832 M	\$218.483 M
Agriculture, Forestry & Fishing	\$11.583 M	\$455.013 M
Arts & Recreation Services	\$5.445 M	\$21.734 M
Public Administration & Safety	\$0.941 M	\$668.717 M

The Regional Exports data presented above indicates the value (\$) of goods and services exported outside of Lake Macquarie LGA that have been generated by businesses. No distinction is made between domestic and international exports. For instance, so exports of goods and services from Lake Macquarie include sales to the rest of the Hunter Region. The value of regional exports generated by the Lake Macquarie economy is estimated at \$5.186 billion. In Lake Macquarie, the Manufacturing and Mining sectors contribute approximately 71% of the value of goods exported outside of Lake Macquarie LGA.

Table 5.5: Regional Imports by Industry
(source: REMPlan)

Industry	Lake Macquarie	Hunter Region
Total	\$4,793.094 M	\$24,135.455 M
Manufacturing	\$2,326.067 M	\$12,332.359 M
Mining	\$365.215 M	\$2,417.320 M
Construction	\$342.839 M	\$1,847.498 M
Rental, Hiring & Real Estate Services	\$256.430 M	\$991.762 M
Financial & Insurance Services	\$230.789 M	\$686.726 M
Retail Trade	\$155.851 M	\$462.657 M
Electricity, Gas, Water & Waste Services	\$150.099 M	\$489.022 M
Professional, Scientific & Technical Services	\$142.828 M	\$710.629 M
Wholesale Trade	\$139.899 M	\$551.784 M
Accommodation & Food Services	\$134.182 M	\$699.542 M
Transport, Postal & Warehousing	\$95.320 M	\$638.267 M
Public Administration & Safety	\$87.639 M	\$525.756 M
Health Care & Social Assistance	\$72.562 M	\$301.274 M
Other Services	\$68.639 M	\$249.280 M
Administrative & Support Services	\$66.604 M	\$312.297 M
Education & Training	\$57.627 M	\$233.716 M
Information Media & Telecommunications	\$57.429 M	\$333.316 M
Arts & Recreation Services	\$28.143 M	\$100.920 M
Agriculture, Forestry & Fishing	\$14.931 M	\$251.332 M

The Regional Imports data represents the value (\$) of goods and services imported into the Lake Macquarie LGA by businesses in each of the industry sectors. No distinction is made between domestic and international imports, and so imports into Lake Macquarie include goods and services sourced from the broader Hunter Region. The value of intermediate goods and services imported into Lake Macquarie LGA by local industry sectors is estimated at \$4.793 billion. Of this the Manufacturing sector contributes approximately half of the value of goods and services imported into the LGA.

Table 5.6: Value Added by Industry
(source: REMPlan)

Industry	Lake Macquarie	Hunter Region
Total	\$8,113.378 M	\$40,334.283 M
Rental, Hiring & Real Estate Services	\$1,426.812 M	\$5,457.682 M
Manufacturing	\$931.669 M	\$3,898.350 M
Health Care & Social Assistance	\$684.800 M	\$2,989.057 M
Mining	\$660.317 M	\$5,006.907 M
Retail Trade	\$597.668 M	\$2,069.875 M
Construction	\$576.322 M	\$2,770.847 M
Financial & Insurance Services	\$569.077 M	\$2,612.720 M
Education & Training	\$430.364 M	\$2,011.328 M
Electricity, Gas, Water & Waste Services	\$342.004 M	\$2,040.764 M
Professional, Scientific & Technical Services	\$333.248 M	\$1,949.695 M
Wholesale Trade	\$305.106 M	\$1,350.137 M
Public Administration & Safety	\$285.417 M	\$2,436.632 M
Accommodation & Food Services	\$248.667 M	\$1,209.682 M
Transport, Postal & Warehousing	\$220.578 M	\$1,488.975 M
Administrative & Support Services	\$181.216 M	\$991.909 M
Other Services	\$176.113 M	\$788.329 M
Information Media & Telecommunications	\$77.727 M	\$506.805 M
Arts & Recreation Services	\$41.048 M	\$190.482 M
Agriculture, Forestry & Fishing	\$25.226 M	\$564.107 M

Table 5.6 identifies the Value-Added (\$) that is added by each industry sector in Lake Macquarie. Value-Added is calculated by subtracting local expenditure and expenditure on regional imports from the output generated by an industry sector, or alternatively, by adding the Wages & Salaries paid to local employees, the gross operating surplus and taxes on products and production. Value-Added by industry sector is the major element in the calculation of Gross Regional Product (GRP). The total Value Added by the Lake Macquarie economy is estimated at \$8.113 billion. Lake Macquarie represents approximately 20 % of the \$40 billion Value Added in Hunter Region. Rental, Hiring & Real Estate Services contribute the largest Value Add to the Lake Macquarie economy (\$1.4 M), while the Agriculture, Forestry and Fishing sector contribute the lowest Value Add in Lake Macquarie.

Table 5.7: Gross Regional Product
(source: REMPlan)

GRP Expenditure Method	Lake Macquarie	Hunter Region
Household Consumption	\$9,405.000 M	\$30,878.037 M
Government Consumption	\$2,412.146 M	\$9,197.276 M
Private Gross Fixed Capital Expenditure	\$3,090.211 M	\$11,762.517 M
Public Gross Fixed Capital Expenditure	\$684.388 M	\$2,609.505 M
Gross Regional Expenses	\$15,591.745 M	\$54,447.335 M
plus Regional Exports	\$5,238.427 M	\$30,991.770 M
minus Domestic Imports	-\$10,164.769 M	-\$32,760.532 M
minus Overseas Imports	-\$1,682.983 M	-\$9,363.036 M
GRP	\$8,982.420 M	\$43,315.537 M
Population	189,005	620,532
Per Capita GRP	\$47,525	\$69,804
Per Worker GRP	\$174,132	\$180,445

Gross Regional Product (GRP) is the net measure of wealth generated by a region. GRP can be measured by using the incomes approach, where all incomes earned by individuals (wages and salaries), firms (gross operating surplus) and governments (taxes on products or services) are added. Alternatively an expenditure approach can be taken where all forms of final expenditure, including consumption by households, consumption by governments, additions or increases to assets (minus disposals) and exports (minus imports), are added. The expenditure approach does not include intermediate expenditure, as this would lead to double counting, for example, the wheat and flour in a loaf of bread. These methodological approaches are the same as those used to calculate Gross State Product (GSP) at a state level and Gross Domestic Product (GDP) at a national level. The GRP for the Lake Macquarie LGA is estimated at \$8,982 M, which represents a GRP of approximately \$47,525 per person in the LGA and \$174,132 per worker.

Table 5.8: Workers by Age, 2011
(source: REMPlan)

Age	% of Workers (Lake Macquarie LGA) (n = 51,584)	% of Workers (Hunter Region)
15 - 19	8.90%	6.90%
20 - 24	10.63%	9.95%
25 - 34	17.93%	19.66%
35 - 44	21.11%	22.45%
45 - 54	23.17%	23.49%
55 - 64	15.37%	14.71%
65 - 74	2.59%	2.51%
75 - 84	0.29%	0.30%
Over 84	0.02%	0.02%

At the 2011 Census, some 44% of workers in Lake Macquarie LGA were between 35 and 54 years of age which is slightly less than the proportion of 35-54 year old worker in the Hunter Region (46%). On the other hand, Lake Macquarie has a higher proportion of workers aged between 15 and 24 years (20%) compared to the Hunter Region as a whole (17%). Lake Macquarie LGA also has a slightly higher proportion of older workers (greater than 55 years) compared to the broader Hunter Region.

Table 5.9: Workers by Education Level, 2011
(source: REMPlan)

Education Level	% of Workers (Lake Macquarie LGA) (n = 51,584)	% of Workers (Hunter Region)
Postgraduate Degree	2.36%	3.15%
Graduate Diploma and Graduate Certificate	1.65%	1.73%
Bachelor Degree	12.97%	14.29%
Advanced Diploma and Diploma	9.32%	9.75%
Certificate	29.42%	29.48%
Level of education inadequately described	1.28%	1.29%
Level of education not stated	2.61%	2.55%
Not applicable	40.39%	37.76%

Compared to the broader Hunter Region, Lake Macquarie LGA has a slightly lower proportion of workers with university qualifications as well as a slightly lower proportion of workers with other tertiary qualifications.

Table 5.10: Business Counts (Staff), Lake Macquarie
(source: REMPlan)

	Lake Macquarie				Hunter Region			
Business Counts (Staff)	Jun-12	Jun-13	Jun-14	Jun-15	Jun-12	Jun-13	Jun-14	Jun-15
Non employing	7,412	7309	7,326	7,344	25,182	24,770	24,874	25,066
1-4	4,525	4,360	4,364	4,420	13,318	12,824	13,018	13,226
5-19	1,584	1,486	1,510	1,563	5,243	5,196	5,199	5,107
20-199	333	325	304	294	1,240	1,263	1,244	1,212
200+	6	0	6	12	9	6	9	57
Total	13,860	13,480	13,510	13,633	44,992	44,059	44,344	44,668

Business Counts are based on snapshots of actively trading businesses as at June in each of the years identified. The counts are sourced from the Australian Bureau of Statistics Business Register (ABSBR). The ABSBR contains counts and rates of business entries and exits from the Australian economy. This count only includes businesses which actively traded in goods or services during the reference period.

Most businesses in Australia need to obtain an Australian Business Number (ABN)., however, for a relatively small number of businesses, the ABN unit is not suitable for ABS economic

statistics purposes and the ABS maintains its own units structure through direct contact with these 'non-profiled' businesses. These businesses constitute the profiled population. This population consists typically of large, complex and diverse groups of businesses.

The methodology used to derive business counts is based on the ABS's best estimate of an average number of employees over the reference year and as such is a more representative view than a cumulative total number of employees throughout the year. Due to a change in ABS methodology, care should be taken when comparing data since the 2014 release with earlier releases.

It is important to note that the counts also reflect turnover and staffing level changes in businesses. Therefore, a large percentage change, for example in businesses employing 200+ staff, does not necessarily mean an exit or entry of large firms but may instead relate to changes in staffing levels, resulting in a business being assigned to a different 'number of staff' cohort.

In general, the significant majority of businesses in Lake Macquarie LGA employ less than 20 workers, while 86% of businesses employ less than 5 staff. This is also similar to other businesses across the entire Hunter Region.

Table 5.11: Business Counts (Turnover), Lake Macquarie
(source: REMPlan)

	Lake Macquarie				Hunter Region			
Business Counts (Staff)	Jun-12	Jun-13	Jun-14	Jun-15	Jun-12	Jun-13	Jun-14	Jun-15
Zero to \$50k	3,570	3,421	3,367	3,220	12,491	11,935	12,002	11,599
\$50k to less than \$100k	2,338	2,245	2,280	2,200	7,459	7,072	7,012	7,047
\$100k to less than \$200K	2,644	2,530	2,615	2,712	7,787	7,577	7,881	8,035
\$200k to less than \$500k	2,706	2,680	2,656	2,784	8,399	8,320	8,322	8,630
\$500k to less than \$2m	1,854	1,854	1,856	1,949	6,192	6,414	6,443	6,516
\$2m or more	739	743	729	758	2,681	2,752	2,692	2,828
Total	13,851	13,473	13,503	13,623	45,009	44,070	44,352	44,655

Annual turnover values are based on data reported to the ATO through Business Activity Statements (BASs) and includes imputation for missing periods for all businesses in the Non-profiled population. Where businesses report zero values on their BAS or have failed to report at all, these data are compared with auxiliary BAS data, which are then used for the purposes of assigning annual turnover values for each in scope business. In cases where auxiliary BAS data are not available, an imputation based on auxiliary ABSBR data (including wages and salaries and employment data) is used. Due to a change in ABS methodology, care should be

taken when comparing data since the 2014 release with earlier releases. Given that a significant proportion of businesses in Lake Macquarie employ less than 5 staff it is not surprising that a large proportion of businesses turnover less than \$500,000 per year, which is also similar across the Hunter Region.

6. ECONOMIC IMPACTS

6.1 TERMINOLOGY

There are a number of different terms that are used to identify the economic impact of a project.

Input-output **multipliers** are summary measures used for predicting the total impact on all industries in an economy of changes in the demand for the output of any one industry.

Output multipliers are defined as the total value of production by all industries of the economy required to satisfy one extra dollar's worth of final demand for that industry's output.

The initial requirement for an extra dollar's worth of output of a given industry is called the **initial output effect**. By definition it is equal to one in total for all industries since an additional dollar's worth of output from any industry will require the initial one dollar's worth of output from that industry plus any induced extra output.

The **first round effect** is the amount of output required from all industries of the economy to produce the initial output effect. For example, the output of the construction industry is increased by one dollar, then inputs from other industries such as manufacturing and mining will be required as well as inputs from the construction industry itself.

Similarly, the extra output from manufacturing and mining industries from creating extra output from a one dollar increase in the construction industry will **induce extra output (production induced effects)** from all other industries of the economy and, in turn, these will induce extra output, and so on.

The combined results of the initial effect plus all of the production induced rounds of extra output are called the **simple multipliers**.

For example, the **initial effects** of one dollar of additional output in the mining industry will create the need for the economy's output to increase in order to provide inputs into the mining industry (**first round effects**). The economy's output will also need to increase to provide inputs to the suppliers of the mining industry (**industrial support effect**). The combined result of the first round effects and industrial support effect is referred to as the **production induced effect**.

The household sector receives wages and salaries for work done in the production process and spends some or all of this on goods and services. This expenditure can be regarded as generating the production of goods and services by the industries of the economy. This induced production of extra goods and services is referred to as **consumption induced effects**.

A new set of multipliers can be calculated taking into account the initial effects, the production induced effects and the consumption induced effects. These are called the **total multipliers**.

Employment multipliers are calculated by dividing the number of employed persons in a given industry by the level of production generated by that industry.

There are other types of output multipliers which are referred to as **Type 1A, Type 1B, Type 2A and Type 2B**. These output multipliers include:

Multiplier	Details
Type 1A	Equals the Initial Output Effect + First Round Effect
Type 1B	Equals the Initial Output Effect + Production Induced Effect
Type 2A	Equals the Total Multiplier
Type 2B	Equals the Production Induced Effect + Consumption Induced Effect

6.2 ASSUMPTIONS AND CAVEATS

It should be noted that there are a number of assumptions that are inherent in using IO models. Firstly, IO models assume that industry dynamics are static, when in reality an economy will evolve and change over time. Secondly, although multipliers that are used to estimate flow-on effects and are developed from a robust methodology, they should be viewed as having a theoretical element. They are estimates and do not completely reflect the nature of the economy. For example, an economy may evolve as a result of a project, or a local business may change their business operations to better capture the benefits of a major project. Nonetheless, the results produced by using the multipliers generated by IO models will provide reliable information under current conditions and interactions.

The economic modelling conducted in this study provides an assessment on the industries likely to be impacted upon, and the levels of those impacts. A sufficient amount of data was provided to assess the economic impacts of the project; however, the availability of information relating directly to the project was limited to a certain extent, as it is for most other projects at this stage of the process (i.e. DA process). In particular, limited information is available on all expenditures associated with the project and the destination location of those expenditures. The findings of the economic assessment estimate where workers on the project would spend their money. Obviously, the workforce for the project is not yet present and so actual information on expenditures is not known, although one would expect some locally specific spending on day-to-day items (e.g. construction workers buying lunches locally).

6.3 PREVIOUS RESEARCH

There are a number of studies that have examined the economic impacts of residential development.

The ABS in 2002¹ identified that the construction industry accounted for 5.5% of national GDP in 1999-2000 and employed almost 8% of the workforce. This same report identified the following impacts of the construction industry for every \$1m spent on a project:

	Initial effects (1)	First round effects (2)	Industrial support effects (3)	Production induced effects (4 = 2 + 3)	Consumption induced effects (5)	Total Multiplier (6 = 1 + 4 + 5)
Output (\$m)	1.000	0.466	0.438	0.904	0.962	2.866
Employment (no.)	9	3	4	7	21	37

¹ ABS (2002) The Construction Industry's Linkages with the Economy, Cat No 1301.0.

The Housing Industry Association (HIA) in 2010² notes that in 2008/09, Australia's Housing and Renovation Industries directly contributed approximately \$64 billion to Australia's Economy, which is approximately 5.3% of Australia's GDP. The HIA identifies that the total multiplier for output and employment in the construction industry is estimated by the ABS to be 2.866. So, for every \$1 million increase in construction output, there is an increase in output elsewhere in the economy of \$2.9 million. In output terms, an extra \$1 million of construction expenditure also involves \$217,000 of employee earnings and \$241,000 of corporate and small business profits. In terms of employment, HIA state that an extra \$1 million of construction expenditure generates 9 construction jobs, such as carpenters, brick layers, plasterers, etc. In addition to this initial effect there are also production induced effects generating 7 jobs across those businesses manufacturing the materials needed for the additional construction, such as concrete and steel frames, and those businesses supplying and servicing the concrete and steel frame businesses, such as aggregate quarrying and raw steel production. The spending of these wages and salaries induces a further round of consumption effects in other areas of the economy which is estimated to create an additional 21 jobs.

The NSW Treasury (2009)³ identifies the following employment multipliers in 2004-05 for every \$1m of spend.

ABS Industry Sector	Initial impact (1)	Production-induced effect (2)	Simple employment multiplier = (1) + (2)	Consumption induced effect
Scientific research, technical & computer services	5.9	16.3	22.3	7.0
Motor vehicles & parts, other transport equipment	4.4	4.7	9.1	7.6
Other electrical equipment	3.8	2.1	5.9	1.0
Photographic and scientific equipment	4.4	0.5	4.9	0.6
Other machinery and equipment	4.4	1.6	6.0	0.7
Other property services	1.9	27.8	29.7	19.3
Construction trade services	7.2	11.8	18.9	5.4
Residential building	2.2	1.8	4.0	1.0
Other construction	2.1	3.0	5.0	1.5

In 2013 further research from NSW Treasury⁴ identified that for every \$1 million spent on extra residential construction, a possible \$2.5 million would be generated in the overall economy. The spending would give rise to an additional three full-time jobs in the construction industry and a total of eight full-time jobs in the overall economy.

Although this proposal is based on a mixed use development of predominantly residential construction a number of other studies have identified broader construction related impacts.

² HIA (2010) The Economic Multiplier Effects of Housing.

³ NSW Treasury (2009) Employment Support Estimates – Methodological Framework

⁴ NSW Treasurer Economic Update, Sept 2013.

For example, in 2005 an economic assessment of construction (only) of facilities at Newcastle Airport⁵ would entail the following impacts:

	Initial effects (1)	First round effects (2)	Industrial support effects (3)	Production induced effects (4)=(2+3)	Consumption induced effects (5)	Total multiplier (6=1+4+5)
Output (\$m)	1.000	0.456	0.425	0.881	0.915	2.796
Employment (no.)	6	3	2	5	6	17

SGS (2016)⁶ attempted to derive the economic impacts of mixed use development in the Newcastle CBD. This report presented the direct and indirect impacts of mixed use development for a section of Newcastle CBD. In particular, the report attempted to consider the impacts from both the residential and non-residential construction. The report identifies that of a \$268.2 million construction project approximately an additional \$124.5 million in industry output will occur within the LGA, 600 additional construction jobs and a gross added value of \$98 million to the local economy.

More recently, Hill PDA (2015)⁷ examined the impact of the Auburn Village development in Sydney. Auburn Village if developed will consist of a mixed use development (approximately 518 residential apartments, retail and public space). Hill PDA note the following construction multipliers as part of this development:

		Production Induced Effects			
	Direct	First Round Effects	Industrial Support Effects	Consumption Induced Effects	Total
Output Multipliers (Construction Works)	1	0.65	0.67	0.99	3.31
Output Multipliers (Construction Related Employment Only)	1	0.643	0.695	1.338	3.676

Hill PDA state that for the \$215m construction of Auburn Village some 613 jobs would be created with 2,253 jobs created directly and indirectly.

⁵ Parsons Brinckerhoff (2005) Economic Impact Assessment Newcastle Airport Limited

⁶ SGS (2016) Newcastle Urban Transformation & Transport Program: Rezoning of Surplus Rail Corridor Lands Economic Assessment.

⁷ Hill PDA (2015) Auburn Village Economic Impact Assessment

6.4 ECONOMIC IMPACTS OF THE PROPOSAL

The proposed mixed use development has been estimated to cost in the order of \$39m. This includes all residential development, retail/commercial space, landscaping, car parking etc.

Table 6.1 considers the economic impacts of the proposed development. It is noted that several of the studies presented above are used for comparative purposes.

Table 6.1: Economic Impacts of the Proposed Development

	Direct/Initial Effects	First Round Effects	Industrial Support Effects	Production Induced Effects	Consumption Induced Effects	Total Multiplier
	(1)	(2)	(3)	(4) = (2) + (3)	(5)	(6) = (1) + (4) + (5)
Construction (\$)						
ABS (2002)	1	0.466	0.438	0.904	0.962	2.866
HIA (2010)						2.866
NAL (2005)	1	0.456	0.425	0.881	0.915	2.796
Hill PDA (2016)	1	0.65	0.67	1.32	0.99	3.31
Employment (No)						
ABS (2002)	9	3	4	7	21	37
HIA (2010)	9			7	21	
NAL (2005)	6	3	2	5	6	17
Hill PDA (2016)*	2.85	0.643	0.695		1.338	3.676
Proposed Development (CIV \$39m)						
Construction (\$)						
ABS (2002)	39	18	17	35	38	112
HIA (2010)	-	-	-	-	-	112
NAL (2005)	39	18	17	34	36	109
Hill PDA (2016)	39	25	26	51	39	129
Employment (No)						
ABS (2002)	351	117	156	273	819	1443
HIA (2010)	351	-	-	273	819	-
NAL (2005)	234	117	78	195	234	663
Hill PDA (2016)*	111	25	27	-	52	143

* Construction Related Employment Only, i.e. non-construction employment not considered.

Based on the analysis above it is considered that the proposed mixed use development will likely created approximately 351 jobs during the construction phase across the economy and some 819 jobs through flow on effects in the broader economy. The effects on the local economy vary between different studies from 40%-60% depending on the type of development. The local employment effects would therefore be estimated at 140 - 211 jobs directly during the construction phase and 328 – 491 local jobs through flow on effects. Even if the research by Hill PDA (2016) is considered for construction related impacts only some 11 construction only jobs will be created by the proposal with an additional 52 construction only jobs through flow on effects. Nonetheless, once non-construction employment in the broader

economy is considered (e.g. goods and services purchased by workers) than the employment related to the proposed works is significant.

Importantly, the \$39 million investment will likely see flow effects in the order of \$73 million in the broader economy.

Based on estimates of gross regional product (\$174,132 per worker) the proposed development will add \$24.4m - \$36.7m during the construction phase to the Lake Macquarie GRP and \$57.1m - \$85.5m in flow on effects to the GRP.

6.4.1 Retail and Commercial Space

There will be a minor component of retail/commercial space within the proposed development. There are generally slight differences in the direct employment created by retail and commercial premises. Typical employment densities for commercial space is approximately one worker per 25 square metres of office space, while there is approximately one worker per 30 square metres of retail space⁸. For the purposes of this report a conservative approach has been utilised, and as such the figure of one worker per 30 square metres is utilised.

The results here are also caveated by the fact that there may be a relocation of businesses from elsewhere in Belmont to the subject site, however, for the purposes of this report, all else being equal any relocation of workers will be 'back filled' by other businesses.

It is proposed that 506 square metres of retail space will be provided in the development. It is estimated that this will create in the order of 17 new jobs. This will also create some additional flow on effects in the local economy through workers purchasing other goods and services.

⁸ SGS (2016) Newcastle Urban Transformation & Transport Program: Rezoning of Surplus Rail Corridor Lands Economic Assessment.

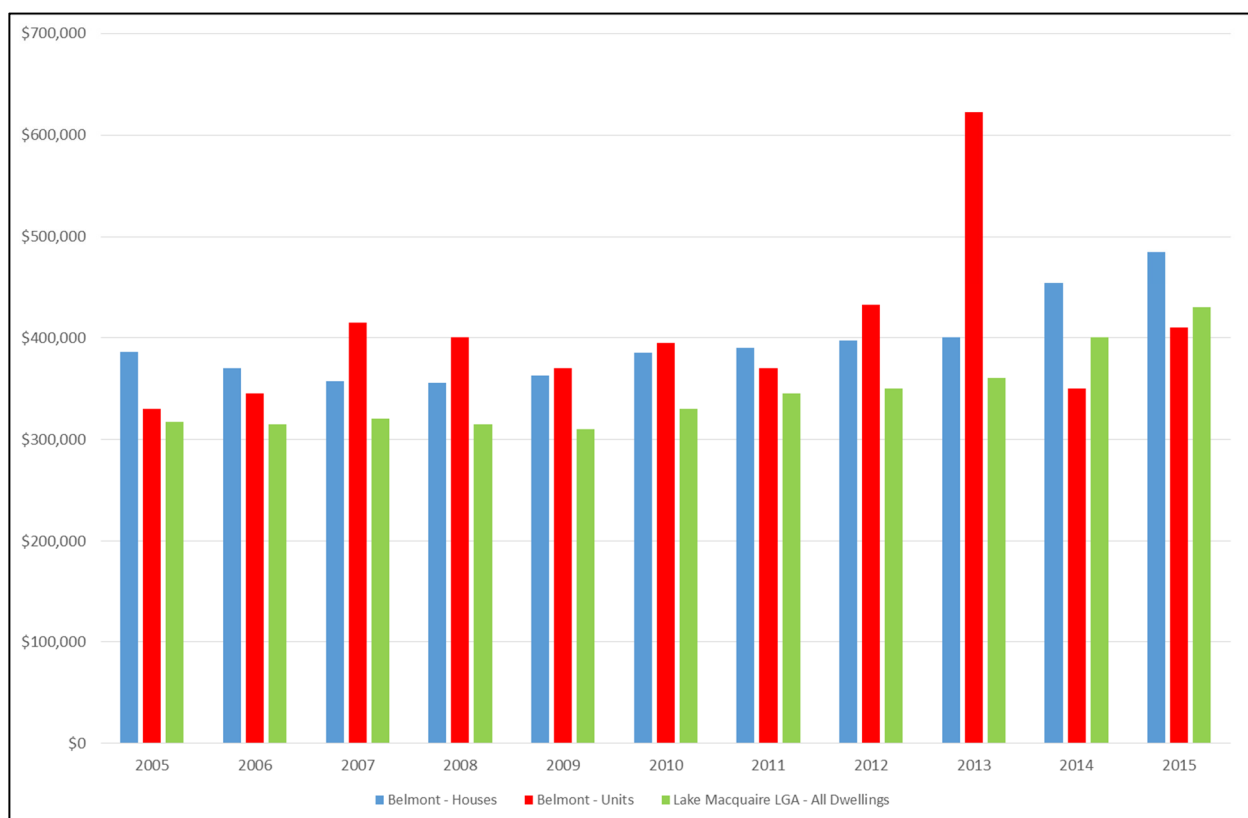
7. HOUSING MARKET ANALYSIS

The proposed development is located within the Belmont town centre. Over the last few years there has been some significant higher density development in the town centre.

7.1 SALES PRICES

Between 2005 and 2015 the median sales price of a dwelling in Belmont was consistently higher than for Lake Macquarie LGA as a whole (Figure 6.1), although units have dipped below the LGA median in recent years. Between 2005 and 2015 the median sales price of a house in Belmont increased from \$386,000 to \$485,000 a 26% increase. The median sales price of a unit in Belmont increased in the same period from \$330,000 to \$410,000, a 24% increase. For all dwellings in Lake Macquarie LGA, between 2005 and 2015 the median sales price increased 36% from \$317,000 to \$430,000. In general, sales prices in Belmont are higher than the median for the LGA.

Figure 7.1: Median Sales Prices, 2005-2015
(source: PriceFinder)



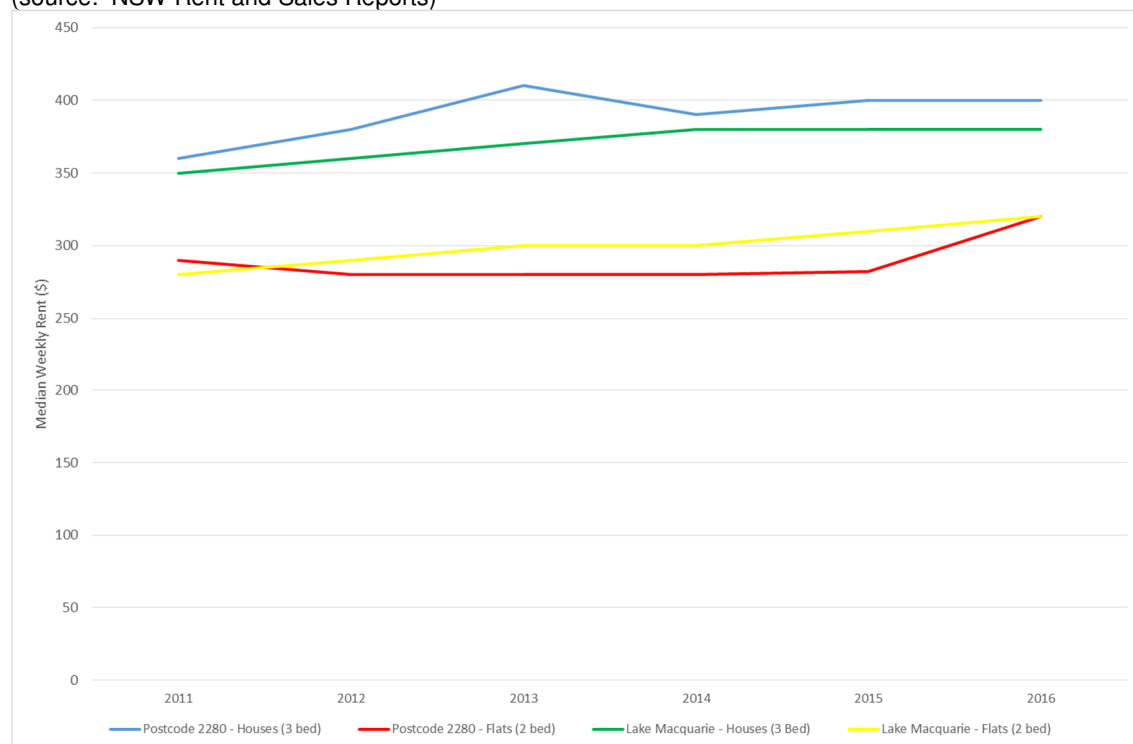
7.2 RENT

Figure 6.2 below identifies the median weekly rent for a house and flat/unit in postcode 2280 (which includes Belmont) and the Lake Macquarie LGA⁹. In general, over the last five years the median weekly rent in postcode 2280 has been slightly higher than the median weekly rent for the LGA as a whole. At June 2016 the median weekly rent for a 3 bedroom house in postcode 2280 was \$400 compared to \$380 for the LGA.

In regards to the median weekly rent for flats/units, the rent for a flat/unit across the LGA has generally been higher than for postcode 2280, however, in recent times the median weekly rent has been similar. The median weekly rent for a 2 bedroom flat/unit in both postcode 2280 and the Lake Macquarie LGA is \$320.

Figure 7.2: Median Rent, 2011-2016

(source: NSW Rent and Sales Reports)



7.3 MARKET DEMAND

The 2011 Census notes that there are approximately 1.45 persons per household in flats and units in Belmont. This ranges from 1.37 persons in one or two story buildings, 1.74 persons per flat/unit in a three storey block and 1.60 persons per flat/unit in a building with four or more storeys. From the 2011 Census we also know that 22% of flats/units are owned, 3% are being purchased while about 45% are privately rented. While there is a significant proportion of investors in the flat/unit market there is also a significant proportion who buy a flat/unit outright.

Discussions with the proponent and other developers in the area have identified several markets for the proposed dwellings. This includes empty nesters/downsizers who are selling

⁹ Data presented here is for a 2 bedroom flat and a 3 bedroom house which tend to be the predominant housing type in those two categories.

existing properties in nearby areas and moving into flats/units in Belmont. There is obviously and investor market. The third market will be those individuals or couples who are looking for more affordable housing options, although given average household sizes are unlikely to have children.

8. IMPACT ASSESSMENT

This economic impact assessment has identified that the proposed development will cost in the order of \$39 million to construct. Based on this, the development will provide a significant number of construction jobs which will have multiple flow on effects in the broader and local economy. The proposal will also create additional jobs in the local economy through the provision of additional retail/commercial workers.

Overall, the development positive economic impacts. It is anticipated that the development will cater to a number of housing sub-markets including 'empty nesters' or 'downsizers' as well as households looking for more affordable housing options in Belmont. The developer will be required to pay development contributions which can be used by Council to manage existing/new infrastructure in the area.