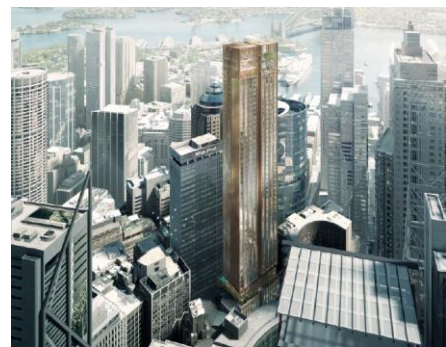


4-6 BLIGH STREET, SYDNEY

Economic impact assessment



Prepared for Holdmark Pty Ltd

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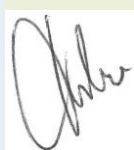
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EXECUTIVE SUMMARY

This economic impact assessment has been prepared by HillPDA to accompany a detailed State Significant Development Application (SSDA) for the mixed-use redevelopment proposal at 4-6 Bligh Street, Sydney. The site is legally described as Lot 1 in Deposited Plan 1244245.

Specifically, development consent is sought for the construction of a 59-storey hotel and commercial office tower. The tower will have a maximum building height of RL225.88 (205m) and a total gross floor area (GFA) provision of approximately 26,800sqm, comprising the following land uses:

- 6,166sqm GFA of commercial office
- 19,951sqm GFA of luxury hotel space providing 407 rooms
- 682sqm of GFA retail space, which is comprised of:
 - 280sqm GFA of restaurant space
 - 302sqm GFA of bar space.

This report has been prepared to address the Secretary's Environmental Assessment Requirements (SEARs) issued for the project (SSD-48674209). Details of the relevant SEARs and where these have been responded to is outlined in Table 1.

Alignment with government and local policy drivers

From an economic and tourism perspective, the proposal would align with State and local government strategies, as outlined by the following:

- Consistency with state and local priorities to deliver a "30-minute city" emphasising high levels of services and accessible employment opportunities for surrounding residents.
- Increases the capacity for economic and employment growth in Central Sydney to contribute towards achieving the jobs target for the Harbour CBD.
- Provides an appropriate mix of land uses that supports Central Sydney's role as the metropolitan centre and its visitor and night-time economy.
- Provides a diverse range of employment space that offers the opportunity for a range of nationally important industries and clusters, including financial and professional services, creative industries, information and communications technology and other knowledge-based industries.
- Provides space and additional visitor accommodation supply to support the local visitor economy and provide additional supply which was identified as being needed in the Tourism Action Plan and Visitor Accommodation Plan.

Alignment with the local economic environment

Sydney LGA's local employment profile, both resident and worker profiles, shows a greater representation and growing propensity for employment in knowledge intensive and accommodation/ food service industries.

Knowledge intensive industries comprised over 70% of Sydney's Gross Regional Product in 2021 with the economic value of tourism contributing around 4%. The economic value of tourism has declined resulting from the impact of COVID-19. This is evident in its contribution to the local economy (GRP), decreasing from around 9% in 2019 to 4% in 2021. This likely indicates that many tourism-related businesses in the LGA have closed or have reduced their capacity. This is further evident in accommodation employment which reduced by approximately 2,370 jobs between 2018/19 and 2020/21.

The proposal would provide a range of employment space, including commercial office, retail, and tourism accommodation. This mix directly supports the local employment profile while also contributing to reducing the

impact of COVID-19 on the tourism industry. In short, the proposal would ensure the continued economic growth and sustainability of Sydney LGA and maintain its role as the metropolitan centre.

Economic impact assessment

Key performance indicators

Economic impacts of the proposal are measured against the base case option which is assumed to be 'do nothing' or 'maintain existing uses onsite'. Economic impact has been measured using four key performance indicators being as follows.

Key performance indicator	Description
Gross Output	The increase in gross output measured by total sales generated by the different land uses proposed
Employment	The increase in jobs generated by the types of land uses present on the site or in the proposal (either full time or part time)
Wages	The increase in wages and salaries paid to employees on the site or in the proposal
Gross Value Added	Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP).

Economic impact phases

Economic impacts are further assessed and discussed for to those supported during the construction phase and operational phase.

- **Design and construction phase:** is the economic activity supported through the design and construction phase of the proposal. These impacts are expected to be short-term, concluding when development activity is completed. There is construction activity under the base case.
- **Operational phase (post-construction):** is the increase in economic activity generated and supported by the proposed land uses against the base case.

The **net economic impact** of the proposal under each impact phase are provided on the following page.

Direct and indirect impacts

Both construction and operation phases have linkages with other sectors of the economy, so their impacts will go further than the direct economic contribution. Multipliers refer to the level of additional economic activity generated by a source industry. There are two types of multipliers:

- **Production induced effects:** referring to induced extra outputs and employment from all industries that are required to provide the inputs for the source industry and
- **Consumption induced effects:** which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

Economic benefits

to Sydney LGA

Construction phase



\$474 million in total output



1,182 total job years

including **513** job years directly supported



\$94 million in total wages

including **\$41** million in wages directly supported



\$177 million in total GVA

including **\$76** million in GVA directly supported

Operational phase

Employment



1,163 direct jobs

2,349 total jobs

Output



\$311m direct

\$609m total

Wages



\$83m direct

\$172m total

GVA



\$146m direct

\$286m total

Tourism spend total



\$34m

Tourism spend retail



\$16m

Net economic impact summary

Compared to the base case the proposal would support a more intensified economic outcome for the site. In fact, the net increase in economic activity supported on the site during the operation phase, when compared to the base case, is estimated at:

- **Employment:** a total net increase of around 477 jobs. Of these, 459 jobs are directly onsite.
- **Output:** a total net increase of around \$19 million in output. Of this, \$17 million is directly generated onsite.
- **Remuneration:** a total net increase of around \$39 million in wages. Of this, \$27 million increase is for additional workers onsite.
- **GVA:** a total net increase of around \$30 million in output. Of this, \$19 million is directly generated onsite.
- **Tourism expenditure:** a net increase in tourism expenditure of around \$34 million, of which \$16 million is estimated to be spent on retail goods and services.

Other economic benefits

The proposal would support additional economic benefits, including:

- Increased investment stimulus
- Contributing to a 30-minute city
- Contribution towards employment targets.

The background image shows a modern building with a glass facade. The glass reflects a large, leafy tree. A dark blue semi-transparent rectangle is overlaid on the image, and the word 'INTRODUCTION' is written in white capital letters inside it.

INTRODUCTION

1.0 INTRODUCTION

This report has been prepared to accompany an SSDA for the mixed-use redevelopment proposal at 4-6 Bligh Street, Sydney.

The Council of the City of Sydney, as delegate for the Minister for Planning and Public Spaces (the Minister), is the Consent Authority for the SSDA under an Instrument of Delegation issued by the Minister on 3 October 2019.

The application seeks consent for the construction of a 59-storey mixed-use hotel and commercial development. The purpose of the project is to revitalise the site and deliver new commercial floorspace and public realm improvements consistent with the City's vision to strengthen the role of Central Sydney as an international tourism and commercial destination.

A separate development consent (D/2018/892) relating to early works for the proposed application was granted for the site on 31 January 2020. Consent was granted for the demolition of the existing site structures, excavation and shoring of the site for three basement levels (to a depth of RL9.38m) to accommodate the proposed mixed-use hotel and commercial development. As such, this application does not seek consent for these components and instead seeks to rely upon and activate D/2018/892 for early works.

Specifically, development consent is sought for:

- Site establishment, including removal of three existing trees along the Bligh Street frontage and de-commissioning and removal of an existing substation (s2041) on the site.
- Construction of a 59-storey hotel and commercial office tower. The tower will have a maximum building height of RL225.88 (205m) and a total gross floor area (GFA) provision of 26,796sqm, and will include the following elements:
 - 6,166sqm of commercial office gross floor area (GFA)
 - 19,951sqm of luxury hotel space providing 407 rooms
 - 682sqm of retail GFA, which is comprised of around 280sqm GFA of restaurant space and 302sqm GFA of bar space.
 - Five basement levels accommodating a substation, rainwater tank, hotel back of house, plant and services. A porte cochere and four service bays will be provided on basement level 1, in addition to 137 bicycle spaces and end of trip facilities on basement level 2, and 28 car parking spaces.
 - A 12-storey podium accommodating hotel concierge and arrival at ground level, conference facilities, eight levels of commercial floor space and co-working facilities, and hotel amenities including a pool and gymnasium at level 12.
 - 42 tower levels of hotel facilities including 417 hotel keys comprising standard rooms, suites and a penthouse.
 - Two tower levels accommodating restaurant, bar, back of house and a landscaped terrace at level 57.
 - Plant, servicing and BMU at level 59 and rooftop.
- Increase to the width of the existing Bligh Street vehicular crossover to 4.25m and provision of an additional 4m vehicular crossover on Bligh Street to provide one-way access to the porte cochere and service bays on basement level 1.
- Landscaping and public domain improvements including:
 - Replacement planting of three street trees in the Bligh Street frontage,
 - Construction of a landscape pergola structure on the vertical façade of the north-eastern and south-eastern podium elevations,

- Awning and podium planters, and
- Provision of a feature tree at the level 57 terrace.
- Identification of two top of awning building identification signage zones with a maximum dimension of 1200mm x 300mm. Consent for detailed signage installation will form part of a separate development application.
- Utilities and service provision.
- Installation of public art on the site, indicatively located at ground level.

This report has been prepared in response to the requirements contained within the Secretary’s Environmental Assessment Requirements (SEARs) dated 1 October 2022 and issued for the SSDA (SSD48674209). Specifically, this report has been prepared to respond to the SEARs requirement issued below.

Table 1: Capital Investment Value and Employment SEARs requirements

Item	Description of requirement	Section of this report
2	Capital Investment Value and Employment	
2.2	<ul style="list-style-type: none"> ● Provide an estimate of the retained and new jobs that would be created during the construction and operational phases of the development, including details of the methodology to determine the figures provided. 	<ul style="list-style-type: none"> - Details of impact methodology – Section 4.1, page 26 - Construction phase impact – Section 4.3, page 28 - Operational phase impacts – Section 4.4, page 30

1.1 The site

The site for the purposes of this SSDA is a single allotment identified as 4-6 Bligh Street, Sydney and known as Lot 1 in Deposited Plan 1244245. The site has an area of 1,218sqm, and is identified in Figure 1.

The site is relatively flat, with a slight slope ranging from 21m AHD in the north-western corner to 19.5m AHD in the south-western corner.

The site is located within the north-eastern part of Central Sydney in a block bound by Bligh Street to the west, Hunter Street to the south, Chifley Square/Phillip Street to the east, and Bent Street to the north. The surrounding buildings are generally characterised by a mix of commercial office and hotel uses with ground level retail, restaurant and café uses and are of varying heights, ages and styles, including a number of State and local listed heritage buildings.

The site is also located in proximity to a number of Sydney Metro City & Southwest (opening 2024) and Sydney Metro West (opening 2030) station sites.

Specifically, the site is located to the immediate east of the Sydney Metro Hunter Street station (east site), which is located on the corner of Hunter Street and Bligh Street, and approximately 350m east of the Sydney Metro Hunter Street station (west site). The Hunter Street station sites are part of the Sydney Metro West project. SEARs for the preparation of Concept SSDAs for the sites were issued in August 2022.

Approximately 150m to the south of the site is Sydney Metro Martin Place Station site, located to the south of Hunter Street between Castlereagh Street and Elizabeth Street. The Martin Place Station site is currently under construction and forms part of the Sydney Metro City & Southwest project.

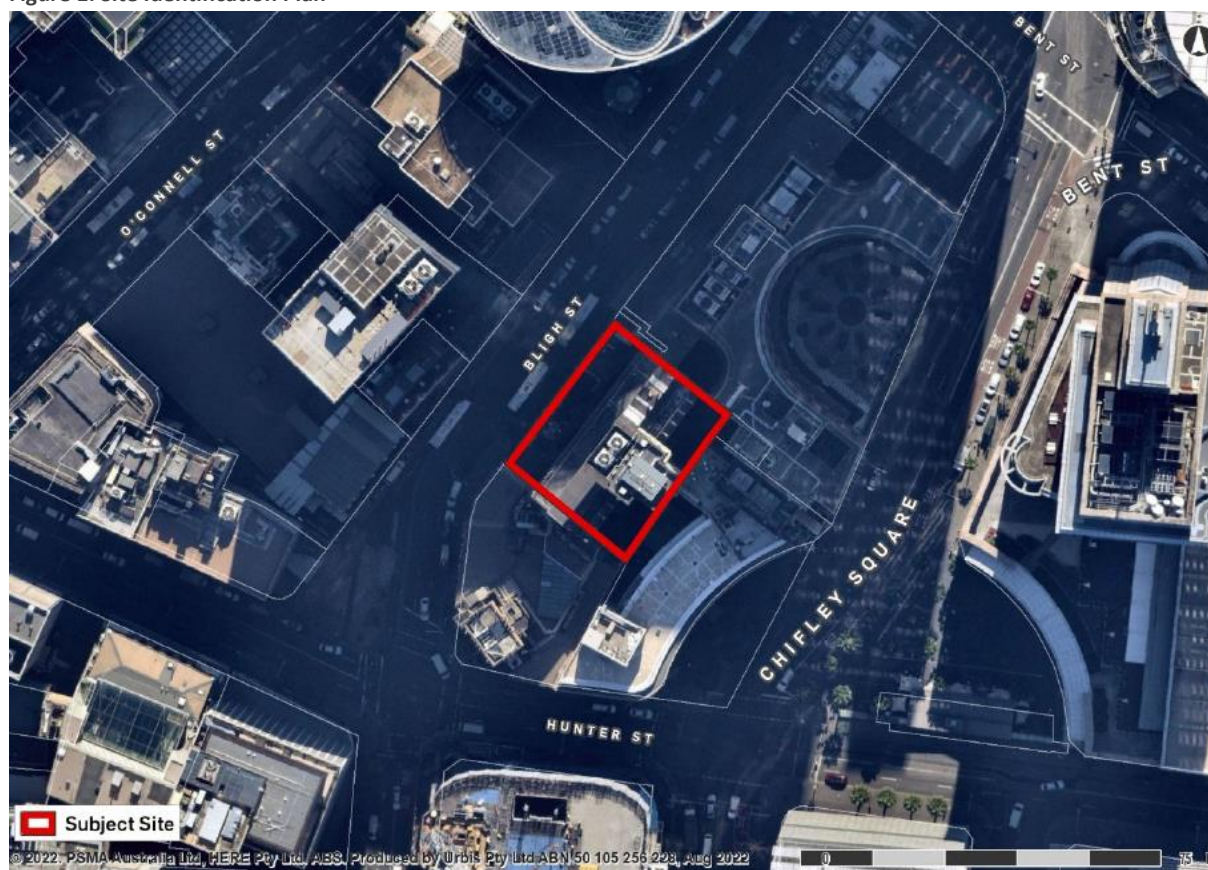
The site is occupied by a vacant commercial office building with ground floor retail and basement car parking known as “Bligh House”. Completed in 1964, Bligh House is a 17-storey tower inclusive of a three-storey podium with the podium levels built to the Bligh Street alignment and the tower setback from the street frontage. The building was designed by Peddle Thorp and Walker and was constructed as part of the post-World War II development boom in the Sydney CBD. The podium overhang along the footpath provides continuous pedestrian protection. Vehicle access to the site is off Bligh Street via a single 2.6m wide driveway that is restricted by a

security gate under one-lane, two-way access arrangements. The driveway provides access to the basement car park, containing 21 car parking spaces.

The site contains no vegetation; however, two existing street trees are located adjacent to the site boundary on Bligh Street.

Development consent for the demolition of the existing site structures, excavation and shoring of the site for three basement levels (to a depth of RL9.38m) was granted by City of Sydney on 31 January 2022 (D/2018/892).

Figure 1: Site Identification Plan



Source: Urbis

1.2 Subject site's context

The site is in Sydney's central business district (CBD). This central location increases the site's connectivity both to and from surrounding residential, employment, cultural, leisure, historic, tourism and scenic locations through the local road and public transport network. For example:

Employment: in 2016, Sydney CBD provided just under 321,000 jobs. The City of Sydney has set a target for an additional 200,000 jobs to be accommodated in the LGA between 2016-36. Of these, around half are estimated to reside in the CBD. The site has the capacity to provide additional employment in a highly centralised and accessible location, contributing to the LGA and the CBD meeting these targets.

Infrastructure: the subject site is in proximity to several public railway, light rail and ferry transit nodes and motorways. This increases the site's connectivity to surrounding parts of Sydney, allowing easy accessibility to the site for workers and visitors staying in its hotel accommodation. The attractiveness of the site for short-term accommodation is further increased given Sydney airport is around a 20-minute drive or train ride to the south of the site.

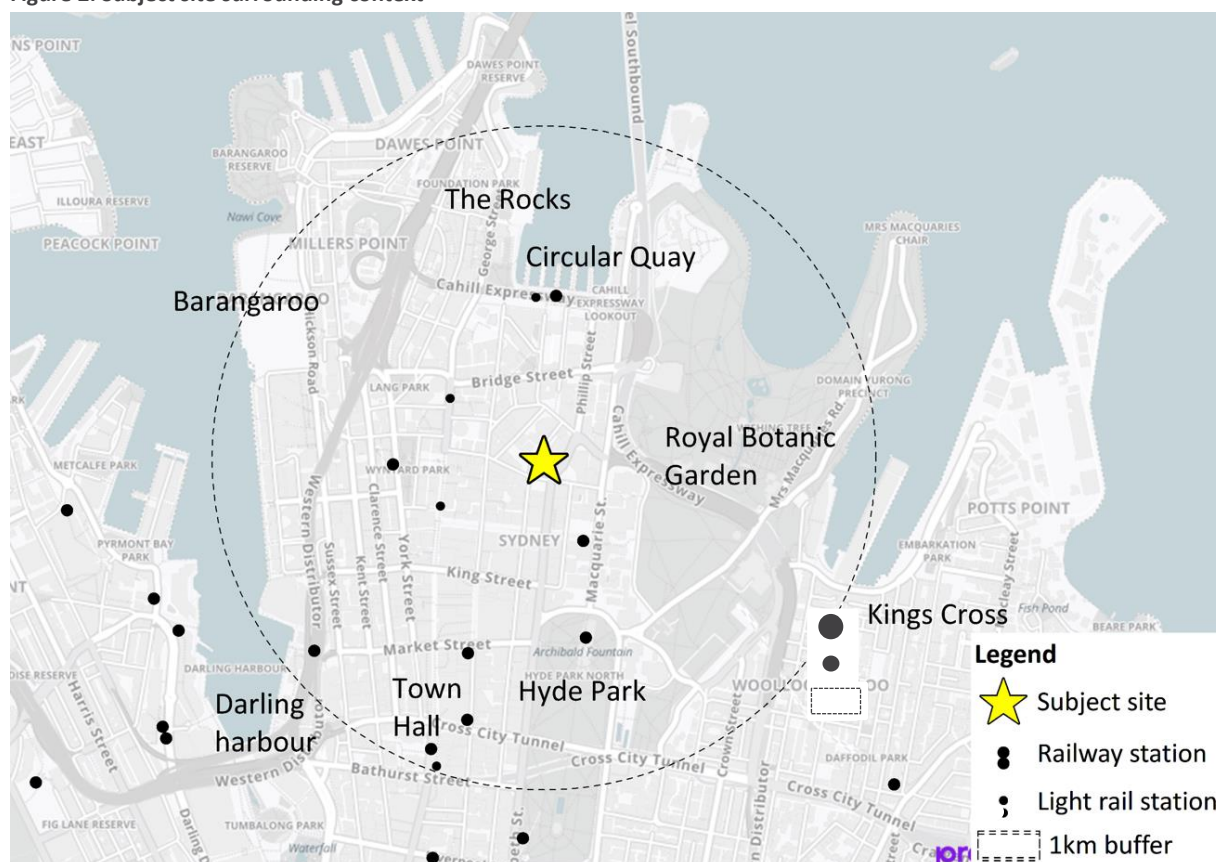
Cultural: the site is in proximity to several cultural sites and institutions, including Sydney Harbour Bridge, Hyde Park Barracks, Museum of Contemporary Art Australia, Sydney Opera House, Sydney Observatory, Art Gallery of New South Wales, Australian National Maritime Museum and Town Hall.

Tourism: the site has several tourism locations in proximity including the Rocks, Circular Quay and Darling Harbor and the International Convention Centre.

Scenic: the site has several tourist locations in proximity, including Sydney Harbour, Barangaroo Reserve, Royal Botanic Gardens, Hyde Park.

Leisure: the site is also in proximity to several leisure precincts, including shopping and eateries areas in the Rocks, Pitt Street and Sydney Town Hall, China Town and Barangaroo.

Figure 2: Subject site surrounding context



Source: HillPDA

1.3 Study structure

To address the requirements of the brief and SEARs, the study has been set out as follows:

- **Chapter 2 | Policy review:** Provides an assessment of existing State and local government strategies that are of relevance to this study.
- **Chapter 3 | Socio-economic profile:** Undertakes a review of historic and forecast socio-economic characteristics of Sydney LGA to highlight unique characteristics and opportunities for the proposal to support, thereby contributing to the economic sustainability of the locale.
- **Chapter 4 | Economic Impacts:** Examines the economic contribution that the subject currently generates. This is referred to as the “base case”. The Chapter then examines the economic implications that development under the proposal would have during the construction phase and post-construction. The economic implications are compared to the base case.

Figure 3: 4-6 Bligh Street proposal concept 2



Source: Woods Bagot 2022

2.0 POLICY CONTEXT

This section analyses State and local planning strategies, it further identifies areas where the proposal assists in achieving the intent of these strategies from an economic and tourism perspective.

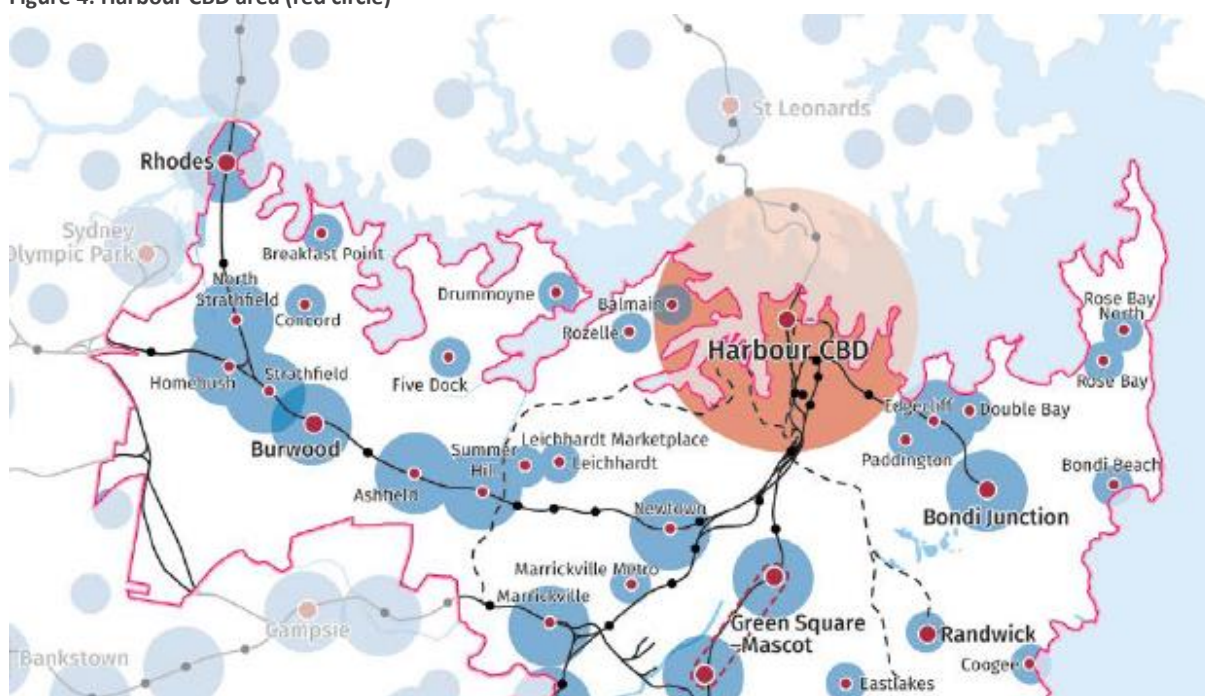
2.1 Eastern City District Plan

The Eastern City District Plan maps out the 20-year vision for the Eastern City District of Greater Sydney. The District encompasses the local government areas (LGAs) of Bayside, Burwood, City of Canada Bay, **City of Sydney**, Inner West, Randwick, Strathfield, Waverley and Woollahra.

By 2036, it is projected that the District will have a population of 1.34 million, representing an additional 325,050 persons over the 20-year period from 2016. To house this growth an additional 157,500 dwellings are required over the period, representing an average annual target of 7,875 dwellings.

The District, particularly the Harbour CBD, is the engine room of Greater Sydney's economy. Of the District's 904,500 jobs, 496,100 are in the Harbour CBD. The Plan identifies an employment target for the Harbour CBD of between 165,100 and 235,100 additional jobs between 2016-36. Of these 45,000 to 80,000 are to be accommodated in the CBD.

Figure 4: Harbour CBD area (red circle)



Source: Eastern City District

The Plan states that since 2012, office to residential conversions in Sydney CBD have resulted in the loss of over 15 years' office supply and space for 45,000 jobs. Sydney CBD planning controls need to support commercial developments, otherwise there will be insufficient floor space to accommodate the 45,000-80,000 additional jobs forecast.

The proposal would increase the capacity (floorspace potential) on the subject site. This, in turn, would increase the employment yield on the site contributing to Sydney CBD meeting its employment targets. The proposal would also raise the profile and international competitiveness of the CBD to potential investors, occupants, developers and visitors.

2.2 City Plan 2036 strategic planning statement

The City Plan 2036 local strategic planning statement (LSPS) sets out a 20-year land use vision for Sydney LGA. It aims to ensure the continued economic growth and sustainability of the LGA while protecting and enhancing its local character, heritage, public places and spaces. It balances these needs while creating the opportunity to increase capacity to house the 115,000 residents and 200,000 additional jobs projected by to reside in the LGA by 2036.

The LSPS notes that *Central Sydney (primarily Sydney CBD) is the most economically productive and internationally competitive area in Greater Sydney, generating over \$90 billion of economic activity annually. However, between 2012 and 2016, 52 per cent of the new floor space developed in Central Sydney was residential. Without intervention, this will continue to constrain economic and employment growth and Central Sydney's capacity to contribute up to 101,800 additional jobs by 2036 to meet the baseline District Plan jobs targets for the Harbour CBD.*

The proposal aims to increase the commercial capacity of Central Sydney in a location that is identified for higher density (figure 56 on page 147 of the LSPS). As such, the proposal is considered in accordance with the intent of the LSPS as it prioritises and increases economic and employment growth in Central Sydney. Specifically, the proposal is considered in accordance with the following actions identified in the LSPS:

- P1.1 | Prioritise and increase capacity for economic and employment growth in Central Sydney to contribute towards achieving the jobs target for the Harbour CBD.
- P1.2 | Provide an appropriate mix of land uses that support Central Sydney's role as the metropolitan centre and its visitor and night-time economies, including a range of retail, recreational, community, cultural and entertainment activities and hotel accommodation in the right locations.
- P1.3 | Deliver diverse spaces to support the range of nationally important industries and clusters, including financial and professional services, creative industries, information and communications technology and other knowledge-based industries and clusters.

The LSPS also acknowledges the important role the visitor and tourist economy play in Sydney, noting:

- Sydney received close to 45% of all international visitors in 2018
- Sydney will continue to have close to 20% the hotel room supply across all major cities in Australia
- Tourism plays a major role in the city's character and economy – contributing more than \$7 billion to the economy
- It accounts for 11 % of the city's workforce (up to 50,000 jobs).

The LSPS aims to ensure that Sydney remains a drawcard for tourists by unlocking new sites for hotel accommodation and delivering more world-class public spaces. The proposal supports this through the provision of a 407-room luxury hotel in proximity to Circular Quay which is identified as the tourism gateway to the city.

2.3 Sustainable Sydney 2030-2050

Sustainable Sydney 2030-2050 continues the vision and strategic plan for the City of Sydney to become a sustainable city. The document sets six guiding principals, ten directions and ten measurable targets for achieving a sustainable City.

Measurable target 5 sets a target of 200,000 additional jobs in the City by 2036. The proposal would contribute to meeting this target and achieving a sustainable City.

2.4 Sydney Economic Development Strategy 2013

The Sydney Economic Development Strategy (EDS) sets a 10-year strategy that would deliver the city's vision for a dynamic, environmentally sustainable economy and a liveable city that works for residents, workers, visitors and students.

The EDS notes Sydney is Australia's largest and only global city producing just under 11 billion in economic output in 2011-12 and providing over 437,000 jobs. Enhancing the city's global competitiveness and fostering innovation is a key aim of the EDS, which in turn, will raise productivity will boost economic growth and provide more employment and business opportunities.

Regarding tourism and visitor accommodation the EDS notes that the *City has a role to play; to work with industry and government partners to create an environment that allows tourism to diversify, grow and develop. The City's actions will focus on enhancing the quality of the visitor experience, strengthening partnerships to maximise visitation potential and encouraging the development of product and infrastructure.*

The proposal would provide high quality commercial office, retail and tourism accommodation space in the City. This would increase its productivity, capacity and tourism accommodation. As such, the proposal is considered in accordance with the intent and aim of the EDS.

2.5 Sydney Tourism Action Plan 2013

The Sydney tourism action plan (TAP) sets out how the Council will work with partners to maintain and further develop the vibrant tourism sector in Sydney.

The TAP notes that growing numbers of interstate and international visitors will continue to create a demand for tourist accommodation in the City of Sydney. However, despite tourism nights growing by almost 16% between December 2000 and 2012, the supply of tourist accommodation decreased by 3.9% over the period. This decline was a result of older hotels such as the Chevron, Sebel Townhouse and Rex being withdrawn from the market and converted to high-end residential apartments.

It was estimated that between 5,000 to 9,000 new hotel rooms would be required over the decade (2013-2023) to meet demand. To address this Council would advocate to other levels of government and the property sector to increase the levels of new hotel accommodation throughout the city, but particularly in the city centre and urban renewal areas.

Although new supply has come online since the adoption of the TAP and recent COVID-19 measures, have impacted the tourism industry, over the coming years, demand for tourism accommodation in the City will likely increase. The proposal is considered in accordance with the TAP's intent of increasing tourism accommodation within the City, particularly in the Central CBD.

2.6 Visitor Accommodation Action Plan 2015

The Visitor Accommodation Action Plan (VAAP) proposes a series of actions related to the City's planning framework that will support investment in new and existing visitor accommodation and help deliver benefits to the visitor and city economies.

Supporting the development of new visitor accommodation is a key focus of the VAAP. Actions in the VAAP assist in the provision of a sustainable, demand-driven supply of accommodation that encourages long-term investment in visitor accommodation for Sydney and helps grow the local, state and national visitor economy.

The proposal would increase the provision of new tourism accommodation within the CBD in a location that is in proximity to the tourism gateway to Sydney and hence is attractive for visitors to stay. As such, the proposal is considered in accordance with the aims and actions of the VAAP.

3.0 SOCIO-ECONOMIC PROFILE

The following section undertakes a review of Sydney LGA's economic profile to highlight unique key characteristics and opportunities that the proposal could support, ensuring the continued economic growth and sustainability of the locale.

Please note that at the time of this study, the Australian Bureau of Statistics (ABS) had not released 2021 Census employment and economic data. For this reason, the 2016 Census data has been used for the analysis of resident employment characteristics. For more up to date employment (worker) data profile.id estimates have been used.

3.1 Resident employment characteristics

The resident population refers to persons living within the LGA, regardless of where they travel to work.

3.1.1 Resident population employment profile 2011-16

Table 2 provides a summary of the industries in which residents were employed across the Sydney LGA between 2011-16. This provides insight into the changing preference for the types of industries in that residents seek employment. The resident employment profile for the LGA presents the following key characteristics:

- Over the period, employed residents increased by 20,745, representing a proportional growth of 22%.
- Of the growth in employed residents, almost 60% were within knowledge intensive¹, accommodation and food and retail industries.
- The top five industries in which Sydney residents had an increasing propensity to be employed were:
 - Accommodation and food services – 4,474 additional jobs
 - Professional, scientific and technical services – 3,268 additional jobs
 - Health care and social assistance – 2,005 additional jobs
 - Education and training – 1,689 additional jobs
 - Construction – 1,309 additional jobs.
- The top five industries in which Sydney residents were employed within, as of 2016 were:
 - Professional, scientific and technical services – 19,487 employed residents
 - Health care and social assistance – 14,166 employed residents
 - Financial and insurance services – 10,296 employed residents
 - Health care and social assistance – 9,642 employed residents
 - Education and training – 8,729 employed residents.
- This analysis indicates that there has been a growing preference for residents to be employed within knowledge intensive and accommodation and food industries. The type of employment provided in the proposal is in accordance with and responds to the changing employment preferences of Sydney's residents.

¹ A Greater Cities Commission classification which is a combination of the following ANSZIC 1-digit industries: Information Media and Telecommunications; Financial and Insurance Services; Rental, Hiring and Real Estate Services; Professional, Scientific and Technical Services; Administrative and Support Services; and Public Administration and Safety. These predominantly represent commercial office industries.

Table 2: Sydney resident employment by industry 2011-16

Industry sector	2011	2016	Change		% of net change
			#	%	
Agriculture, Forestry and Fishing	106	194	88	83%	0.4%
Mining	189	202	13	7%	0.1%
Manufacturing	3,473	2,868	-605	-17%	-3.0%
Electricity, Gas, Water and Waste Services	441	487	46	10%	0.2%
Construction	3,009	4,318	1,309	44%	6.4%
Wholesale trade	3,690	2,829	-861	-23%	-4.2%
Retail Trade	7,315	8,441	1,126	15%	5.5%
Accommodation and Food Services	9,692	14,166	4,474	46%	21.9%
Transport, Postal and Warehousing	3,026	3,532	506	17%	2.5%
Information Media and Telecommunications	5,931	5,829	-102	-2%	-0.5%
Financial and Insurance Services	9,774	10,296	522	5%	2.5%
Rental, Hiring and Real Estate Services	1,769	2,494	725	41%	3.5%
Professional, Scientific and Technical Services	16,219	19,487	3,268	20%	16.0%
Administrative and Support Services	4,274	5,019	745	17%	3.6%
Public Administration and Safety	5,461	6,744	1,283	23%	6.3%
Education and Training	7,040	8,729	1,689	24%	8.2%
Health Care and Social Assistance	7,637	9,642	2,005	26%	9.8%
Arts and Recreation Services	2,910	3,402	492	17%	2.4%
Other Services	2,670	3,229	559	21%	2.7%
Inadequately described or not stated	2,161	5,352	3,191	148%	15.6%
Total employed persons aged 15+	96,787	117,260	20,473	21%	100%

Source: Profile.id

3.1.2 Employment self-containment 2016

Table 3 provides a summary of Sydney's self-containment rates for each industry. Self-containment measures the proportion of resident workers who are employed within Sydney LGA. The self-containment rates present the following key characteristics:

- In 2016, there were 4.3 jobs provided in the LGA for every employed resident. This implies that a high proportion of residents likely find employment within the LGA. Providing employment, especially, those which have higher containment rates would reduce the need for residents to travel outside the LGA while also having other economic and environmental benefits to the LGA.
- In 2016, Sydney LGA had a self-containment rate of 64.5%. That is, 64.5% of employed residents worked in the LGA. This is considered quite high for a metropolitan LGA. For example, in 2016 North Sydney had a self-containment rate of 25%, Parramatta 27.2%, Canterbury-Bankstown 28.5% and the Inner West at 19.6%. This further highlights the higher propensity of residents to work in the LGA and the importance of providing employment opportunities within industries that (1) have higher self-containment rates and (2) industries in which residents are increasingly seeking employment.
- The top five self-containment industries, as of 2016, were:
 - Financial and insurance services – 86.8%
 - Professional, scientific and technical services – 78.3%
 - Arts and recreation services – 75.1%
 - Rental, hiring and real Estate services – 71.4%
 - Accommodation and food services – 71.2%.

- In 2016, knowledge intensive jobs had a containment rate of 76%. This was higher than the LGA average (64.5%).
- In 2016, the industry of accommodation and food service had a containment rate of 71.2%. This was higher for the sub-industry category of accommodation jobs at 84%.
- This implies that increased knowledge intensive and accommodation jobs, like that provided in the proposal, would increase employment opportunities for residents having higher economic and environmental benefits to the LGA.

Table 3: Employment self-containment 2016

Industry	Total resident workers	Resident workers employed in the region	% of resident workers employed in the region
Agriculture, Forestry and Fishing	167	65	38.9
Mining	162	114	70.4
Manufacturing	2,856	947	33.2
Electricity, Gas, Water and Waste Services	486	260	53.5
Construction	4,299	1,683	39.1
Wholesale Trade	2,807	1,170	41.7
Retail Trade	8,390	5,101	60.8
Accommodation and Food Services	14,125	10,062	71.2
Transport, Postal and Warehousing	3,521	1,327	37.7
Information Media and Telecommunications	5,813	4,140	71.2
Financial and Insurance Services	10,272	8,915	86.8
Rental, Hiring and Real Estate Services	2,474	1,766	71.4
Professional, Scientific and Technical Services	19,445	15,218	78.3
Administrative and Support Services	5,005	3,431	68.6
Public Administration and Safety	6,742	4,508	66.9
Education and Training	8,716	4,832	55.4
Health Care and Social Assistance	9,630	4,378	45.5
Arts and Recreation Services	3,364	2,527	75.1
Other Services	3,208	1,901	59.3
Industry not classified	5,288	3,287	62.2
Total Industries	117,206	75,622	64.5

Source: Profile.id

3.1.3 Population projection and worker estimates

The City of Sydney's local strategic planning statement projects that the LGA will have an additional 115,000 residents between 2016-36.

Assuming 95.3% of these new residents are over 15 years² and a participation rate 64.2%³, it is estimated that around 32,695 new residents would be active in the workforce and seeking employment. It can be further estimated that just under 22,000⁴ of these residents in the workforce would be seeking employment in the LGA.

It is important that additional employment opportunities are provided in the types of industries that Sydney LGA residents seek employment within to ensure that the full economic, environmental and social benefits are provided and captured by/in Sydney LGA. The proposal, with its proven land use mix, could ensure these employment opportunities and associated economic benefits to Sydney LGA are captured.

² In accordance with NSW DPE population and dwelling projections for Sydney LGA 2016-36

³ In accordance with 2011 and 2016 Census – Profile.id

⁴ Assuming self-containment rate of 64.5% - 2016 Census

3.2 Employment characteristics

Employment refers to persons aged 15 years and over who are employed in Sydney LGA regardless of their place of usual residence.

3.2.1 Sydney LGA employment growth 2015/16-2020/21

Table 4 provides a summary of employment generated across Sydney LGA between 2015/16 and 2020/21. It has been sourced from Profile.id. The employment profile for the LGA presents the following key characteristics:

- Over the period, the number of jobs provided in the LGA increased by around 285,220, representing a proportional growth of 14%.
- Of the growth in jobs, over 80% were within knowledge intensive industries.
- The top five growth industries were:
 - Professional, scientific and technical services – 42,271 additional jobs
 - Public administration and safety – 13,300 additional jobs
 - Education and training – 6,947 additional jobs.
 - Accommodation and food services – 6,051 additional jobs
 - Financial and insurance services – 4,209 additional jobs
- The health care and social assistance industry generated the largest number of jobs in the LGA as of 2020/21 (24% of all employment). This was followed by financial and insurance services (16%) and public administration and safety with 9% of employment.
- As with the resident employment profile, there was a growing preference for residents to be employed within knowledge intensive and accommodation and food services industries. The type of employment provided in the proposal is in accordance with the employment profile of Sydney LGA and its high growth industries.

Table 4: Sydney LGA employment growth 2006/07-2018/19

Industry	2015/16	2020/21	Change		% of net change
			#	%	
Agriculture, Forestry and Fishing	724	656	-69	-10%	0%
Mining	2,184	2,397	213	10%	0%
Manufacturing	11,058	10,458	-600	-5%	-1%
Electricity, Gas, Water and Waste Services	4,627	3,845	-782	-17%	-1%
Construction	29,040	27,656	-1,383	-5%	-2%
Wholesale Trade	11,839	9,673	-2,165	-18%	-3%
Retail Trade	31,085	33,007	1,922	6%	2%
Accommodation and Food Services	38,629	44,680	6,051	16%	7%
Transport, Postal and Warehousing	18,316	24,912	6,595	36%	8%
Information Media and Telecommunications	35,968	38,249	2,282	6%	3%
Financial and Insurance Services	105,648	109,857	4,209	4%	5%
Rental, Hiring and Real Estate Services	14,987	18,274	3,287	22%	4%
Professional, Scientific and Technical Services	122,007	164,278	42,271	35%	50%
Administrative and Support Services	26,339	30,575	4,236	16%	5%
Public Administration and Safety	45,275	58,575	13,300	29%	16%
Education and Training	34,552	41,499	6,947	20%	8%
Health Care and Social Assistance	32,432	31,378	-1,054	-3%	-1%
Arts and Recreation Services	15,986	15,601	-385	-2%	0%
Other Services	13,836	14,179	343	2%	0%
Total	594,531	679,749	85,218	14%	100%

Source: Profile.id

3.2.2 Industry Value Added and worker productivity

Industry value added (IVA) of an industry refers to the value of outputs less the costs of inputs. It measures the contribution that the industry makes to a regions wealth or gross regional product (GRP).

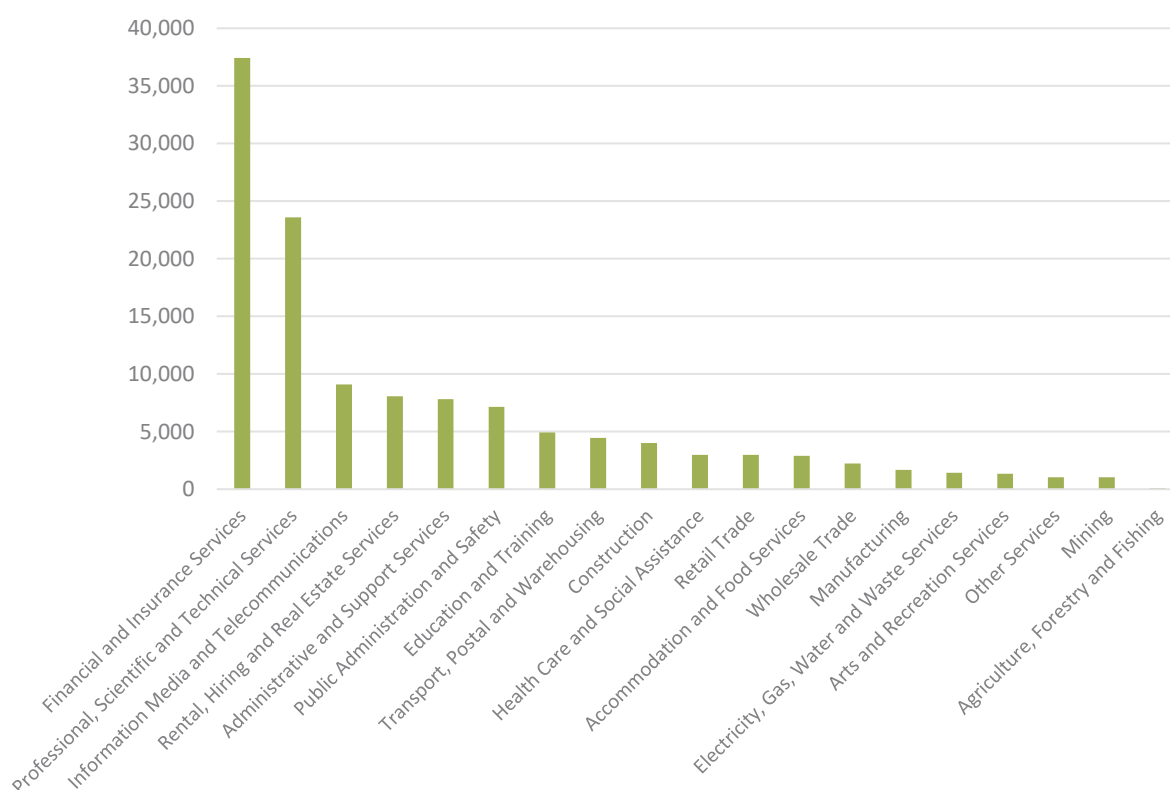
The top six industries by value added in 2020/21 were all related to knowledge intensive industries. Combined, these knowledge intensive industries contributed just over \$93 billion to Sydney's GRP, representing 75% of Sydney's GRP in 2020/21 (\$124 billion).

Worker productivity by industry is calculated by dividing the industry value added by the number of persons employed in that industry. The worker productivity rates for each of the Greater Cities Commissions (GCC) four broad industry sectors were as follows:

- Knowledge intensive – \$221,880/worker
- Industrial – \$210,071/worker
- Health/education – \$108,512/worker
- Population serving – \$90,716/worker.

This high-level analysis reveals that, overall, knowledge intensive industries contribute the most to Sydney's GRP and have the highest worker productivity rates. Increased opportunity for growth in these industries will contribute to Sydney's overall economic growth and sustainability. The proposal would provide approximately 6,165sqm of commercial office space, supporting an estimated 515 commercial jobs onsite. This would directly contribute to the economic output and sustainability of the LGA.

Figure 5: Industry Value Added 2020/21



Source: Profile.id, HillPDA

3.3 Tourism characteristics

The following analyses key tourism data for Sydney LGA. It has been sourced from Profile.id.

3.3.1 The economic value of tourism to Sydney LGA

Table 5 provides a summary of the economic value of tourism to Sydney LGA. Over the period between 2015/16 to 2018/19, the economic value of tourism increased across all metrics, including:

- 22,775 additional jobs, including 8,150 directly linked to tourism industries
- An additional \$3.4 billion in sales, including \$1.8 billion in direct sales
- An additional \$2 billion to the LGA's GRP, including \$845 million directly.

In fact, by 2019/20, it was estimated that 111,645 jobs in the LGA were linked to the tourism industry (direct and indirect), representing just over 1 in 6 jobs provided in the LGA.

However, with the measures implemented to slow the spread of the COVID-19 virus, the tourism and retail industries have been adversely impacted. This is evident in the estimated reduced economic value of the tourism industry between 2018/19 and 2020/21, specifically the loss of:

- 30,200 jobs, inducing 10,805 directly linked to tourism industries
- \$7.9 billion in sales, including \$4.2 billion in direct sales
- \$5.4 billion to the LGA's GRP, including \$2.3 billion directly.

The impact of COVID-19 lockdown measures has likely seen the loss of many tourism-related businesses, including accommodation which reduced by 2,370 jobs over the period. Over the coming years, as travel patterns for residents, workers and tourists normalise, appropriate and adequate provision of tourism services will ensure that supply maintains pace with demand and no further economic opportunity is lost.

An increased supply of high-quality tourism accommodation, such as that provided in the proposal, would contribute to addressing the recent loss in tourism's economic value.

Table 5: The value of tourism to Sydney LGA

Category	2015/16	2018/19	2020/21	Change 2015/16 – 2018/19	Change 2018/19- 2020/21
Employment (total)					
Direct	31,794	39,942	29,138	8,148	-10,804
Indirect	57,077	71,704	52,309	14,627	-19,395
Total	88,871	111,645	81,446	22,774	-30,199
Output/Sales (\$m)					
Direct	6,944	8,755	4,575	1,811	-4,179
Indirect	6,155	7,761	4,056	1,606	-3,705
Total	13,098	16,515	8,631	3,417	-7,884
Value added (\$m)					
Direct	3,868	4,714	2,436	846	-2,278
Indirect	5,346	6,516	3,367	1,170	-3,149
Total	9,214	11,230	5,802	2,016	-5,427

Source: Profile.id

3.3.2 International and domestic visitors

Table 6 provides an estimate of the number of international and domestic visitors to Sydney LGA and Greater Sydney over the last ten years.

Evident in the table are the impacts of COVID-19, resulting from lockdown measures and international border closures, seen in the significant reduction in visitors post-2018/19. For example, in 2020/21 Sydney LGA had 2.5 million fewer international visitors and 3.8 million fewer domestic overnight visitors when compared to that recorded in 2018/19. This represented a 99.6% reduction in international and 57.5% fewer domestic overnight visitors.

The reduction in visitors highlights the significant economic impact the tourism and accommodation industry has endured over the last few years. Supporting these industries and ensuring appropriate supply is provided is key to their continued growth and economic viability. There are key directions in the reviewed City of Sydney tourism and accommodation action plans.

Another key direction in the reviewed action plans is maintaining Sydney as Australia's premier destination city. However, even prior to COVID-19, the proportion of international visitors in Sydney LGA relative to Greater Sydney had been on the decline.

For example, in 2010/11, around 63% of international visitors to Greater Sydney visited Sydney LGA. By 2018/19 this proportion declined to 55%. While, over the period, total visitors (international and domestic overnight) had proportionally declined from 46% to 44%.

This implies that the Sydney LGA and subsequent CBD premier status and attraction to visitors to prior COVID-19 had been on the decline. One factor that could reverse this trend is the provision of high-quality accommodation in strategic locations, such as near key gateways, transport nodes and tourist infrastructure/assets. The proposal would provide this.

Table 6: International and domestic overnight visitors, Sydney LGA & Greater Sydney 2010-2021

Year	Sydney LGA			Greater Sydney			Sydney LGA % of Greater Sydney		
	Inter-national	Domestic overnight	Total	Inter-national	Domestic overnight	Total	Inter-national	Domestic overnight	Total
2010/11	1,836,655	4,109,686	5,946,341	2,925,199	9,956,406	12,881,605	63%	41%	46%
2011/12	1,812,574	3,829,630	5,642,204	2,895,338	9,679,195	12,574,533	63%	40%	45%
2012/13	1,965,970	3,769,312	5,735,282	3,092,781	9,891,530	12,984,311	64%	38%	44%
2013/14	2,073,229	3,945,173	6,018,402	3,307,101	10,663,166	13,970,267	63%	37%	43%
2014/15	2,186,853	3,911,173	6,098,026	3,466,133	10,893,872	14,360,005	63%	36%	42%
2015/16	2,238,815	3,882,765	6,121,580	3,850,368	11,215,025	15,065,393	58%	35%	41%
2016/17	2,384,926	4,409,458	6,794,384	4,238,485	11,804,033	16,042,518	56%	37%	42%
2018/19	2,525,068	5,307,663	7,832,731	4,617,180	13,045,173	17,662,353	55%	41%	44%
2019/20	2,501,168	6,577,747	9,078,915	4,643,356	14,984,595	19,627,951	54%	44%	46%
2020/21	1,746,777	4,913,232	6,660,009	3,208,238	11,980,895	15,189,133	54%	41%	44%

Source: Profile.id

3.3.3 Reason for visiting Sydney LGA

Over the five years from 2014/15 to 2019/20, around 72% of international and domestic overnight tourists visiting Sydney LGA stated their reason was either for holiday or business purposes. This is compared to just 58% for Greater Sydney.

It would be expected that a higher proportion of tourists visiting for holiday or business purposes would stay within paid accommodation. Increased provision of such services, particularly high-quality accommodation

within key locations, would increase the attractiveness of Sydney CBD to such visitors. This would have economic benefits to the LGA and contribute to reversing the impact of COVID-19.

Table 7: Reason for visiting Sydney LGA, five-year total 2014/15 – 2019/20

Year	International		Domestic overnight		Total	
	Visitors	%	Visitors	%	Visitors	%
Visiting friends and relatives	1,296,246	14%	5,449,108	23%	6,745,354	20%
Holiday	5,883,089	64%	6,998,809	29%	12,881,898	39%
Business	1,133,213	12%	10,012,504	42%	11,145,717	34%
Education	492,358	5%		0%	492,358	1%
Employment	187,485	2%		0%	187,485	1%
Other reason	176,319	2%	1,544,880	6%	1,721,199	5%
Total	9,168,710	100%	24,005,301	100%	33,174,011	100%

Source: Profile.id

3.4 Socio-economic summary

Key statistics from the socio-economic review include:

- As of 2016, around 55% of residents were employed within knowledge intensive and accommodation/ food service industries.
- Between 2011-16, 53% of the growth in employed residents was within knowledge intensive and accommodation/ food service industries.
- In 2016, knowledge intensive jobs had a containment rate of 76%. This was higher than the LGA average (64.5%).
- In 2016, the industry of accommodation and food service had a containment rate of 71.2%. This was higher for the sub-industry category of accommodation jobs at 84%.
- An estimated 22,000 additional residents would seek employment in the LGA between 2016-36.
- As of 2016, around 55% of residents were employed within knowledge intensive and accommodation/ food service industries.
- Between 2011-16, 53% of employed residents were within knowledge intensive and accommodation/ food service industries.
- As of 2016, around 68% of jobs across the LGA were within knowledge intensive and accommodation/ food service industries.
- Between 2011-16, 89% of the growth in jobs was within knowledge intensive and accommodation/ food service industries.
- Knowledge intensive industries contribute the most to Sydney's GRP and have the highest worker productivity rates.
- The economic value of tourism to Sydney LGA was significant before COVID-19.
- Measures to reduce the spread of COVID-19 significantly impacted the economic value of tourism in Sydney LGA.

The proposal would provide the types of land uses and subsequent employment opportunities that would support the economic profile of the LGA while also reducing the impact of COVID-19 on the tourism industry.

4.0 ECONOMIC IMPACT ASSESSMENT

This section examines the economic implications that development would have during the construction phase and post-construction (operational) phase. The economic impacts of the proposal are measured against the base case ('do nothing' or 'continue the existing use' option).

4.1 Economic impact assessment approach

Economic multipliers and impact indicators

Economic multipliers refer to the level of additional economic activity generated or supported by a source industry. There are two types of effects captured by multipliers:

Production induced effects: which is made up of:

- *First round effects:* which are all outputs and employment required to produce the inputs for the source industry, and
- *Industrial support effects:* which is the induced extra output and employment from all industries to support the increased production by suppliers in response to increased sales.

Consumption induced effects: which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The modelling for this report is based on the Australian National Accounts Input Output tables 2019-20. Input-Output modelling estimates economic activity through examination of four types of impacts described in the table below.

Table 8: Economic impact metrics assessed

Metric	Description
Output	Output is a gross measure of the total sales generated by the types of land uses present on the site or in the proposal
Employment	Employment generated by the types of land uses present on the site or in the proposal (either full time or part time)
Wages	The wages and salaries paid to employees on the site or in the proposal
Gross Value Added	Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It measures the contribution that the industry makes to the country's wealth or gross domestic product (GDP).

The economic impacts have been assessed at the Sydney Local Government Area (LGA) level. That is, economic activity supported by the proposal in the LGA. If the impacts were assessed at the State or national level the impacts would be different to that provided in this report.

Economic impact phases

Economic impacts are further assessed and discussed for to those supported during the construction phase and operational phase.

- **Design and construction phase:** is the economic activity supported through the design and construction phase of the proposal. These impacts are expected to be short-term, concluding when development activity is completed. The base case assumes no construction activity and hence is not assessed in this phase.
- **Operational phase (post-construction):** is the economic activity supported by the existing or proposed land uses under the base case and proposal scenario.

Limitations with multipliers

Both the ABS and the NSW Treasury Employment Calculator describe several limitations with input-output multipliers, or at least shortcomings with typical interpretations of the multipliers, which generally result in an over-estimation of impacts. The main shortcomings or limitations are as follows:

- Production induced impacts can leave the impression that extra output can be produced without taking resources away from other activities.
- Multipliers assumed fixed input ratios and hence measure impacts based on average effects rather than marginal effects.
- The impacts are nationwide and are not regional or local impacts which would be smaller.

Other limitations are described in both the NSW Treasury Guide and on the ABS website.⁵

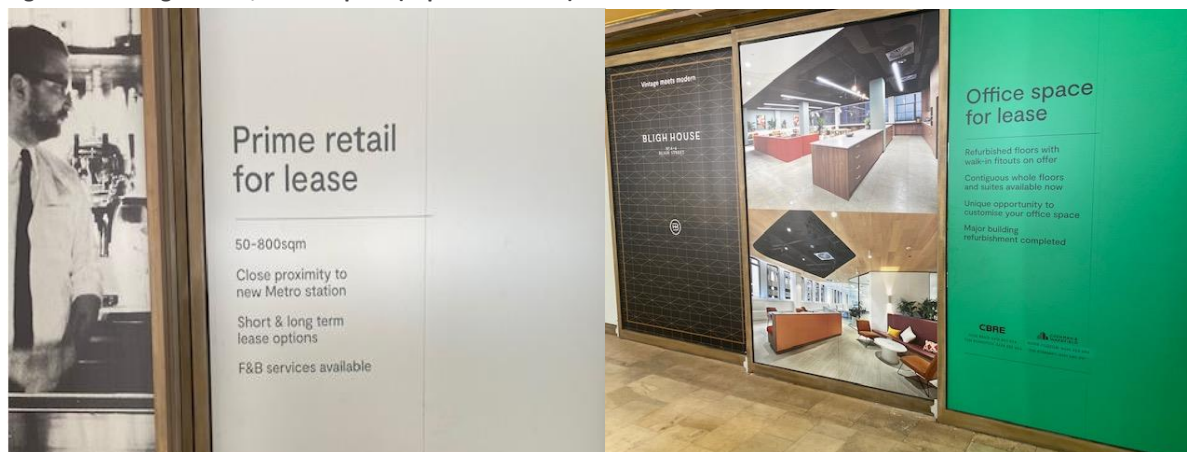
4.2 Base case economic impacts

The subject site currently provides 10,031sqm employment space across a 17-storey commercial building. Of this space, around 1,755sqm is ground floor retail with the remaining 8,276sqm being commercial office space.

A recent site visit (16/09/2022) and level occupancy list provided by the Client identifies that the ground floorspace retail space (773sqm) and levels 9 and 10 (982sqm, combined) were vacant.

This vacant space has the potential to directly support almost 115 jobs. The loss of this employment would reduce the economic activity supported on the site. However, to appropriately provide a comparison between the economic potential of the proposal versus the base case, we have assumed this space is occupied.

Figure 6: 4-6 Bligh Street, vacant space (September 2022)



Source: HillPDA

As stated, HillPDA undertook a site visit to understand the types of tenants currently in the building. This indicated that the commercial space was occupied by a wide range of professional commercial services, including consultants, financial services, law firms, media companies, software, insurance, and real estate services.

Based on this, coupled with ABS Input Output tables and IBIS world reports, the following assesses the current economic activity potentially supported by the site's current land uses (referred to as the base case):

⁵ <https://www.abs.gov.au/statistics/economy/national-accounts/australian-national-accounts-input-output-tables/latest-release>
<https://www.treasury.nsw.gov.au/information-public-entities/nsw-treasury-employment-calculator>

- **Employment:** A total of 1,872 jobs are supported. Of these, 704 jobs would be onsite if the building was fully occupied.
- **Output:** A total of \$590 million in output supported. Of this, \$294 million is generated onsite.
- **Remuneration:** A total of \$132 million in wages supported. Of this, \$56 million would be paid to workers onsite.
- **GVA:** A total of \$256 million in GVA supported. Of this, \$127 million is directly generated onsite.

Table 9: Base case – economic activity

Impact metric	Direct	Indirect	Total
Employment	704	1,168	1,872
Output (\$m)	\$294	\$297	\$590
Wages (\$m)	\$56	\$77	\$132
GVA (\$m)	\$127	\$129	\$256

Source: Australian National Accounts Input Output tables 2019-20, IBIS World Reports 2019-2020, Profile.id, HillPDA
Sydney LGA indirect and indirect multipliers

4.3 Proposal design and construction phase economic impacts

A construction cost of around \$272.3 million was provided by the Client. Based on this capital investment estimate, the following assesses the economic activity supported in Sydney LGA through the construction phase.

4.3.1 Construction – gross output

The proposal will have a direct impact on construction output as well as indirectly stimulating other industries which assist in production and cater to increased consumption.

The table below details the output multipliers and shows the impact of the change in demand supported by the development and the impact on the Sydney LGA economy. The forecast increase in total output supported across the LGA is estimated at approximately \$474 million (directly and indirectly).

Table 10: Design and construction impact on gross output (\$m)

	Direct effects	Production induced effects	Consumption induced effects	Total
Output multipliers	1	0.40	0.34	1.74
Output (\$million)	\$272.3	\$108	\$93	\$474

Source: HillPDA estimate using data from ABS Australian National Accounts: Input-Output Tables 2019-20

4.3.2 Construction – job creation

Every million dollars of construction work undertaken generates 1.88 full time job years⁶ onsite directly in construction⁷. Based on the estimated design and construction cost, a total of around 513 job years would be directly supported by the development of the proposal, as shown in the table below.

⁶ Note: One job year equals one full-time job over one year

⁷ Source: ABS Australian National Accounts: Input – Output Tables 2018-19 (ABS Pub: 5209.0)

Table 11: Design and construction impact on employment (job years)

	Direct effects	Production induced effect	Consumption induced effect	Total
Multipliers	1	0.67	0.63	2.30
Job Years per \$million	1.88	1.27	1.19	4.34
Total Job Years Generated	513	346	323	1,182

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2019-20

Every job year generated directly in construction would support a further 0.67 job years in production induced support (providing the inputs to construction). And for every job year directly in construction a further 0.63 job years is supported in consumption induced impacts (providing the goods and services for the workers directly employed in construction).

A total of 1,182 job years would be directly and indirectly be supported across the LGA as a result of the development.

4.3.3 Construction – workers’ remuneration

We estimate the remuneration of workers directly in design and construction would be around \$41 million. Total remuneration of workers supported by the development both directly and indirectly would be around \$94 million, as shown in the table below.

Table 12: Design and construction impact on wages (\$m)

	Direct effects	Production induced effects	Consumption induced effects	Total
Workers remuneration per \$ of gross output	0.15	0.10	0.09	0.34
Workers remuneration (\$million)	\$41	\$29	\$24	\$94

Source: HillPDA estimate using data from ABS Australian National Accounts: Input-Output Tables 2019-20

4.3.4 Construction – Gross Value Added (GVA)

The Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to gross regional product (GRP). The major components of GVA are workers’ remuneration, company profits and government taxes from production.

Design and construction would directly contribute around \$76 million to the Sydney LGA economy or gross regional product (GRP). Including the multiplier impacts, a total of around \$177 million would be contributed both directly and indirectly to the LGAs GRP.

Table 13: Construction – impact on gross value added (GVA)

	Direct effects	Production induced effects	Consumption induced effects	Total
Output multipliers	0.28	0.18	0.19	0.65
Output (\$million)	\$76	\$50	\$52	\$177

Source: HillPDA estimate using data from ABS Australian National Accounts: Input-Output Tables 2019-20

4.4 Proposal operational phase economic impacts

Upon completion, the proposal would provide approximately 26,800sqm of mixed-use employment space over 59 storeys. The composition of this employment space is as follows:

- 6,166sqm of commercial office gross floor area (GFA)
- 19,951sqm of luxury hotel space providing 407 rooms
- 682sqm of retail GFA, which is comprised of:
 - 280sqm GFA of restaurant space
 - 302sqm GFA of bar space.

The economic activity that this space could support is estimated and detailed below.

4.4.1 Operational phase - employment generation

The proposed development would support permanent employment post-construction through the provision of the commercial, hotel and retail uses.

Based on industry average employment densities for the types of land uses proposed in the proposal, it is estimated that the site could support 1,163 jobs directly during the operational phase. This is around 459 jobs higher than that supported under the base case.

Accounting for multiplier effects, total employment directly and indirectly supported by the proposal is estimated at 2,349. This is around 477 jobs higher than the base case.

The table below provides an estimate of the number of jobs⁸ that could be supported onsite across its various land uses.

Table 14: Operational phase - employment generation

Land use	Direct Jobs	Production Induced Jobs	Consumption Induced Jobs	Total
Commercial	514	454	447	1,415
Hotel	611	138	138	888
Retail*	38	4	4	46
Total	1,163	596	590	2,349

Source: Australian National Accounts Input Output tables 2019-20, IBIS World Reports 2019-2020, industry reports, HillPDA

Totals may not total due to rounding - *restaurant and bar retail

4.4.2 Operational phase - economic output

Upon operation, it is estimated that the proposal could directly support \$311 million in output. This is around \$17 million higher than that directly supported under the base case.

Accounting for multiplier effects, total output directly and indirectly supported by the proposal is estimated at \$609 million. This is around \$19 million higher than that supported by the base case.

The table below provides an estimate of the output that could be supported onsite across its various land uses.

⁸ These are jobs in full, part-time and casual positions.

Table 15: Operational phase - economic output

Land use	Direct output	Production Induced	Consumption Induced	Total
Commercial	\$226	\$119	\$109	\$454
Hotel	\$80	\$33	\$33	\$146
Retail*	\$5	\$2	\$2	\$8
Total	\$311	\$154	\$144	\$609

Source: Australian National Accounts Input Output tables 2019-20, IBIS World Reports 2019-2020, Profile.id, HillPDA

Totals may not total due to rounding- *restaurant and bar retail

4.4.3 Operational phase - staff remuneration

We have estimated the direct remuneration of workers onsite during the operational phase at approximately \$83 million per annum. This around \$27 million higher than that supported directly under the base case.

Accounting for multiplier effects, total remuneration directly and indirectly supported by the proposal is estimated at \$172 million. This is around \$39 million higher than that supported by the base case.

The table below provides an estimate of the remuneration that could be supported onsite across its various land uses.

Table 16: Operational phase - staff remuneration

Land use	Direct wages	Production Induced	Consumption Induced	Total
Commercial	\$43	\$33	\$26	\$102
Hotel	\$39	\$15	\$15	\$68
Retail*	\$1	\$0	\$0	\$2
Total	\$83	\$48	\$41	\$172

Source: Australian National Accounts Input Output tables 2019-20, IBIS World Reports 2019-2020, Profile.id, HillPDA

Totals may not total due to rounding- *restaurant and bar retail

4.4.4 Operational phase – gross value added

Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the regions wealth or gross regional product (GRP).

Upon operation, it is estimated that the proposal could directly support \$146 million in GVA to Sydney LGAs GRP. This is around \$19 million higher than that directly supported under the base case.

Accounting for multiplier effects total GVA directly and indirectly supported by the proposal is estimated at \$286 million. This is around \$30 million higher than the base case.

Table 17: Operational phase - gross value added

Land use	Direct GVA	Production Induced	Consumption Induced	Total
Commercial	\$98	\$52	\$47	\$197
Hotel	\$46	\$20	\$20	\$86
Retail	\$2	\$1	\$1	\$3
Total	\$146	\$72	\$68	\$286

Source: Australian National Accounts Input Output tables 2019-20, IBIS World Reports 2019-2020, Profile.id, HillPDA

Totals may not total due to rounding- *restaurant and bar retail

4.4.5 Tourism expenditure

The proposal would provide a 447-room luxury hotel rooms.

Total number of visitor nights per annum for the hotel is estimated at around 16,425, assuming 1.5 persons per room and a target occupancy rate of 83%⁹.

Based on an average spend of \$169 per visitor night, the total spend is estimated at around \$34 million per annum. A further \$16 million is estimated to be spent by overnight tourists on retail goods and services¹⁰.

4.5 Net economic impact summary

Compared to the base case, the proposal would support a more intensified economic outcome for the site. In fact, the net increase in economic activity supported on the site during the operation phase, when compared to the base case, is estimated at:

- **Employment:** a total net increase of around 477 jobs. Of these, 459 jobs are directly onsite.
- **Output:** a total net increase of around \$19 million in output. Of this, \$17 million is directly generated onsite.
- **Remuneration:** a total net increase of around \$39 million in wages. Of this, \$27 million increase is for additional workers onsite.
- **GVA:** a total net increase of around \$30 million in output. Of this, \$19 million is directly generated onsite.
- **Tourism expenditure:** a net increase in tourism expenditure of around \$34 million, of which \$16 million is estimated to be spent on retail goods and services.

The optional net impact of the proposal versus the base case can be seen in the table below.

Table 18: Net operational phase economic impacts – proposal over the base case

Base case	Direct	Indirect	Total
Employment	704	1,168	1,872
Output (\$m)	\$294	\$297	\$590
Wages (\$m)	\$56	\$77	\$132
GVA (\$m)	\$127	\$129	\$256
Tourism expenditure (\$m)	\$0	\$0	\$0
Proposal	Direct	Indirect	Total
Employment	1,163	1,186	2,349
Output (\$m)	\$311	\$298	\$609
Wages (\$m)	\$83	\$89	\$172
GVA (\$m)	\$146	\$140	\$286
Tourism expenditure (\$m)	\$34	\$34	\$34
Net economic impact	Direct	Indirect	Total
Employment	459	18	477
Output (\$m)	17	1	19
Wages (\$m)	27	13	39
GVA (\$m)	19	12	30
Tourism expenditure (\$m)	\$34	\$34	\$34

⁹ Occupancy rate 2018-19 pre-COVID impacts

¹⁰ International and National Visitor Survey June 2019 and 2020

4.6 Other economic benefits

4.6.1 Investment stimulus

Where a significant property investment decision has been made, it is generally viewed as a strong positive commitment for the local area. Such an investment can, in turn, stimulate and attract further investment. Development of the proposal would support a wide range of economic multipliers which would, in turn, support investment in associated industries. It would also raise the profile of Sydney to potential investors.

The proposal would create additional business opportunities in this locality associated with the employment floorspace provided onsite. It would increase the profile of this area and, in so doing, increase the financial feasibility of mixed-use developments, potentially acting as a catalyst on surrounding sites.

4.6.2 Employment targets

The LSPS sets an employment target of an additional 200,000 jobs by 2036. The proposal would contribute to Sydney LGA attaining this target.

Figure 7: 4-6 Bligh Street proposal concept 3



Source: Woods Bagot 2022

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