HillPDA CONSULTING

GOW STREET, PADSTOW

Economic activity assessment

Prepared for Dulux Group and Selleys

October 2024

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Signature		Dated	22/10/24

Report details

Job number	C24091
Version	FINAL
File name	Gow Street, Padstow – economic activity assessment
Date issued	22/10/2024

1.0 INTRODUCTION

Dulux Group and Selleys (the proponent) have lodged a State Significant Development Application (SSDA) for the proposed chemical manufacturing facility and associated warehouse or distribution centre (the proposed development) at 15 Gow Street and 20 Gow Street, Padstow (the Subject Site).

The Department of Planning, Housing and Infrastructure (DPHI) have issued project-specific Secretary's Environmental Assessment Requirements (SEARs) for the proposed development. As detailed in Section 1.1 below, HillPDA was engaged to undertake an assessment that addresses the 'Economic' component of the SEARs.

1.1 The subject site and proposed development

The proposed development applies to land identified as 15 and 20 Gow Street, Padstow, being Lot 100 DP1011185 and Lot 53 DP1064349.

The Subject Site is currently occupied by Dulux Group and Selleys and constitutes an area of approximately 6ha. The Subject Site is within the IN1 General Industrial zone pursuant to the Canterbury-Bankstown Local Environmental Plan 2023 (CBLEP2023). The Subject Site is located within the Canterbury-Bankstown Local Government Area (LGA). At present, 15 Gow Street is occupied by a number of industrial warehouse facilities and administration buildings operated by Dulux Group and Selleys with car parking provided opposite at 20 Gow Street, Padstow, which is owned by Dulux Group.

15 Gow Street is located on the southern side of Gow Street, with 20 Gow Street opposite to the north, between Fairford Road and Salt Pan Creek, Padstow. The Subject Site is located approximately 3.5km from Bankstown, 12km from Liverpool and 20km from Sydney CBD. Access to the road network is from the north of the Subject Site which is within close proximity to the South Western Motorway.

Surrounding land uses in the vicinity of the Subject Site include:

- North – a range of industrial developments zoned IN1 General Industrial and Bankstown STS Substation zoned SP2 Infrastructure;
- East – Salt Pan Creek zoned RE1 Public Recreation and W1 Natural Waterways;
- South – a range of industrial developments zoned IN2 Light Industrial; and
- West - a range of industrial developments zoned IN1 General Industrial.

The location of the subject site and the existing development is depicted in Figure 1 and Figure 2.

Figure 1: Cadastral Map

Source: Willowtree Planning, SIX Maps, 2024

Figure 2: Subject Site boundary (red outline)

Source: Willowtree Planning, Nearmap, 2024

The proposed development seeks consent for the following works:

- Demolition of existing warehouse and maintenance building
- Strip out and refurbishment of existing warehousing space to create a state-of-the-art manufacturing facility with ancillary raw materials storage, which will continue to be operated by the Dulux Group and Selleys
- Construction of external tank storage and tanker unloading area
- Remodelling of the existing vehicle access to allow uni-directional truck flow.

The proposed development includes those works as identified in Table 1 below.

Table 1: Development statistics

Component	Proposed outcome
Total site area	60,171sqm
Gross floor areas	Industrial (manufacturing and lab): 20,263sqm Warehousing: 5,986sqm Office: 2,669sqm Total: 28,918sqm
Floor space ratio	0.46:1
Building Height	13.7m
Number of storeys	One (1)
Car parking	250 spaces
Construction cost	$123,241,221 (excluding GST)

1.2 Assessment framework and purpose

This report has been prepared in accordance with the requirements of the NSW Department of Planning and Environment (DPE), which are set out in the Secretary's Environmental Assessment Requirements (SEARs) (SSD 71052213.) for the proposed development, issued on the 18th of June 2024. The SEARs identify matters which must be addressed in the Environmental Impact Statement (EIS).

Specifically, this report has been prepared to respond to the SEARs requirement issued below.

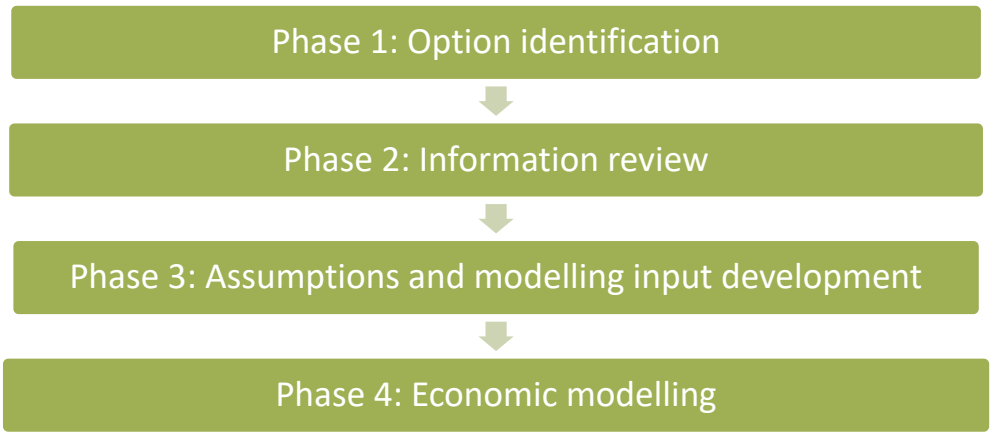
Table 2: Capital Investment Value and Employment SEARs requirements

	Description of requirement	Section of this report
General Requirements		
	• 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.	- Details of impact methodology – Section 1.3 - Construction phase impacts – Chapter 2 - Operational phase impacts – Chapter 3 - Retained jobs – Chapter 3, Table 8 - New jobs– Chapter 3, Table 8

1.3 Economic impact assessment approach

To estimate the economic impact of the proposal, HillPDA has undertaken the approach outlined in the figure below and described in greater detail subsequently.

Figure 3: Economic impact assessment approach



Phase 1: Option identification

The option to be tested to gauge the proposal's economic impact during its operational phase is identified in Section 1.1, Table 1.

Phase 2: Information review

As part of this stage, HillPDA collates and reviews:

- Data provided by Linesight Pty Ltd on the capital investment value, proposed Gross Floor Areas (GFAs) provided by Vaughan Construction as well as aerial photography as sourced from Metro Maps and Google Maps.
- Revenue and value-added estimates per worker for relevant industries as sourced from ABS National Accounts and IBIS World Reports.
- Publicly available workspace ratios for land uses pertinent to this analysis from the NSW Common Planning Assumptions as well as the National Accounts: Input-Output Tables, 2021-22.

Phase 3: Assumptions and modelling input development

Using the proxy revenue and value-added estimates per worker obtained in Phase 2, the number of employees on-site and weighted revenue and value-added estimates per worker for the subsequent economic modelling phase are calculated. These estimates are converted to weighted full-time equivalent (FTE) figures, using assumptions based on industry employment data from the National Accounts: Input-Output Tables, 2021-22 for Australia.

Phase 4: Economic modelling

This phase estimates the direct and indirect impacts of the proposal option.

Direct impacts refer to the economic activity directly generated by the proposal during construction and operational phases. These direct impacts are largely generated by activities onsite.

Indirect impacts (or economic multipliers) refer to the level of additional economic activity generated and/or supported by a source industry. The economic modelling in this analysis captures two types of indirect impacts:

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.

Direct economic impacts have been sourced from IBIS World 2023 world reports, ABS Input Output tables and Workspace ratios as sourced from the NSW Common Planning Assumptions.

Indirect economic activity is estimated using Australian National Accounts Input Output tables 2021-2022. Specifically, the multipliers for the Transport, Postal and Warehousing in Australia industry are applied to determine indirect economic activity.Economic activity supported by the existing uses and the proposed development is assessed through examination of three different economic impact metrics (or performance indicators) described in the table below.

Table 3: 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 proposed development
Employment	Employment generated by the types of land uses present on the site or in the proposed development. Employment is expressed as Full-Time Equivalent (FTE).
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 state product (GSP). The major components of GVA are workers' remuneration, company profits and government taxes from production.

The impacts have been assessed at NSW State level. If the impacts were assessed at the local government or national level, they would be different from those provided in this report.

Economic impacts are assessed during the design and construction phase and operational phase, described below.

- **Design and construction phase:** is the economic activity generated/supported during the design and construction of the proposed development. These impacts are short-term, concluding when construction activity is completed. All jobs and activity represent **new** jobs and activity as there is no construction in the base case.
- **Operational phase (post-construction):** is the jobs and economic activity generated/supported by the base case land uses and proposed development land uses once operational.

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.[1]

[1] 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

2.0 ECONOMIC IMPACT – DESIGN AND CONSTRUCTION PHASE

This section assesses the economic impact of the proposed development during its construction phase. HillPDA has been provided with a construction cost estimate of $123,241,221 (excluding GST).

2.1 Construction phase – gross output

The proposed development would have a direct impact on construction output as well as indirectly stimulating other industries that 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 NSW's economy. The forecast increase in total output supported across NSW is estimated at approximately $390 million (directly and indirectly).

Table 4: Design and construction impact on gross output ($m)

	Direct Effects	Production Induced Effects	Consumption Induced Effects	Total
Output multipliers	1	1.28	0.88	3.16
Gross Output ($million)	**$123**	**$158**	**$109**	**$390**

Source: HillPDA estimate using data from ABS Australian National Accounts: Input-Output Tables 2021-2022

2.2 Construction phase – job creation

Every million dollars of construction work undertaken generates 2.04 full time job years[2] onsite directly in construction[3]. Based on the estimated design and construction cost and a two-year construction period, the proposed development would:

- Directly generate 151 new jobs per annum over two years which equals 251 job years.
- Indirectly support a further 767 job years elsewhere in NSW
- Total job years directly generated and indirectly supported in NSW = 1,019.

Table 5: Design and construction impact on employment (job years)

	Direct effects	Production induced effect	Consumption induced effect	Total
Multipliers	1	1.71	1.34	4.05
Job Years per $million	2.04	3.49	2.74	8.26
Total Job Years Generated	**251**	**430**	**337**	**1,019**

Source: HillPDA estimate using data from ABS Australian National Accounts: Input-Output Tables 2021-2022 - *based on a two-year construction period

[2] Note: One job year equals one full-time job over one year
[3] Source: ABS Australian National Accounts: Input – Output Tables 2021-2022 (ABS Pub: 5209.0)

2.3 Construction phase – 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 industry's contribution 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 $35 million to the region's GRP
- Indirectly support a further $122 million elsewhere in NSW
- Total GVA generated and supported at NSW State level equals $157 million.

Table 6: Construction – impact on gross value added (GVA)

	Direct effects	Production induced effects	Consumption induced effects	Total
Output multipliers	0.29	0.53	0.46	1.28
Output ($million)	**$35**	**$65**	**$57**	**$157**

Source: HillPDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2021-2022

2.4 Construction phase - economic impact summary

During its construction, the proposed development would generate and support the following economic activity.

Table 7: Construction phase economic impact summary

Performance indicator	Direct (retained) impacts	Direct (new) impacts	Indirect impacts	Total
Employment (job years)	0	251	767	1,019
Output ($m)	$0	$123.2	$266.4	$389.7
GVA ($m)	$0	$35.1	$122.3	$157.4

3.0 ECONOMIC IMPACT - OPERATIONAL PHASE

This section estimates the economic activity generated and supported through the operational phase of the proposed development.

Employment estimate

Employment generated during the operational phase is estimated by applying average employment densities to the development's various employment floorspace categories (commercial office, manufacturing and warehousing). This methodology estimates the total full-time equivalent (FTE) jobs generated on-site. As such, employment figures in this section may differ from estimates provided in the Traffic Impact Assessment, which estimates total jobs (part and full-time) that may be on-site at any one time. This would exclude any shift (part-time) workers not on site and, hence, would underestimate the total number of jobs generated.

Based on the information received from the client, the proposed development seeks to create a state-of-the-art manufacturing facility and utilise more automated operational equipment. The total number of staff is expected to remain the same.

Developing a state-of-the-art manufacturing facility will be space-intensive but not labour-intensive. Even when expanding production volumes, the operation would grow from two shifts per day to three, without adding additional staff per shift.

For this reason, and to address the specific SEARs requirement of providing *an estimate of the retained and new jobs that would be created during the operational phases of the development*, it is assumed that employment directly generated by the proposed development is categorised as retained jobs with no "net increase" or "new" jobs.

Economic impact

Based on the employment floorspace that the proposed development would provide (refer to Table 1), coupled with ABS Input Output tables and IBIS world reports, the following assesses the economic activity generated/supported by the proposed development during its operational phase. This activity is estimated at:

- **Employment:** 251 Full-time equivalent (FTE) jobs are generated and retained on the site. These direct jobs would support a further 411 FTE jobs across NSW. In total, the State's impact as a whole is estimated at approximately 662 FTE jobs.
- **Output:** A total of $118 million in output directly generated and retained by the proposed uses onsite. The land uses on site would support a further $126 million across NSW. In total, the State's impact as a whole is estimated at $245 million.
- **GVA:** The proposed uses onsite are estimated to directly contribute and retain $33 million in GVA to the region's GRP. The land uses on site would support a further $52 million across NSW. In total, the State's impact as a whole is estimated at $85 million.

Table 8: Proposed development – operational phase economic performance

Performance indicator	Direct (retained) impacts	Direct (new) impacts	Total direct (retained & new) impacts	Indirect impacts	Total
Employment (FTE)	251	0	251	411	662
Output ($m/ann)	$118.3	$0.0	$118.3	$126.4	$244.6
GVA ($m/ann)	$33.2	$0.0	$33.2	$52.0	$85.2

Source: Australian National Accounts Input Output tables 2020-2021, IBIS World Reports 2023, HillPDA

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