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WARNERVALE TOWN CENTRE – ECONOMIC BENEFITS

This memorandum provides an independent assessment of the economic benefits that would be generated by the development of the planned Warnervale Town Centre in the Wyong Shire on the Central Coast of New South Wales.

Background

The Warnervale Town Centre is bounded by Hakone Road to the North, Hiawatha Road to the east, Sparks Road to the south and extends west of the Great Northern Railway Line. The traditional retail component of the planned Warnervale Town Centre will encompass around 25,000 sq.m of floorspace and is likely to be based on a Big W discount department store, a Dan Murphy's liquor outlet, Woolworths and Aldi supermarkets and a provision of retail specialty floorspace.

Economic Benefits

The development of the planned Warnervale Town Centre will result in a range of important economic benefits. These key positive employment and consumer impacts will include the following:

- The provision of a wider range of shopping facilities for local residents, including a discount department store, a major full-line supermarket, a discount supermarket and a provision of retail specialty floorspace in a convenient location.
- The reduction in travel time and petrol cost savings for the population to frequent larger retail facilities and particularly a discount department store, a major full-line supermarket and a range of retail specialty shops.
- Price competition with more options available for consumers.
- The retail component of the development is projected to employ around 1,123 persons as summarised in Table 1. Taking a conservative view and allowing for an estimated 10% of the total increase to be as a result of the reduced employment at existing retail facilities, the net additional jobs are estimated at 1,011.
- The additional 1,011 permanent retail employees would earn an average annual wage of around \$28,800 as sourced from the ABS. This represents an additional \$29.1 million in salary and wages for the local economy, directly as a result of the retail component of the development.
- Further jobs would be created from the supplier induced multiplier effects as a result of the retail jobs for the on-going running of the retail component of the Warnervale Town Centre as well as from the construction of the development. Jobs created include both full-time and part-time positions. In total, some 959 jobs are projected to be created in the broader community, based on ABS Input/Output Multipliers (refer Table 2).
- The Warnervale Town Centre will create a substantial number of additional jobs, both for the construction and related industries during the construction phase of

the development and for the economy generally once the development is completed.

- The estimated total capital costs for the construction of the development are \$60 million. By using the appropriate ABS Input/Output Multipliers that were last produced in 1996/97 and a deflated estimated total capital cost of construction of \$47.1 million (i.e. in 1996/97 dollars), it is estimated that the construction period of the Warnervale Town Centre would create some 330 jobs (refer Table 3).
- The additional construction jobs (330), will result in a further 528 jobs in the broader community based on ABS Input/Output Multipliers (refer Table 3).
- The creation of jobs is particularly important within the Wyong Shire which includes Warnervale, Wyong, Tuggerah, Bateau Bay, Toukley and Summerland Point. The unemployment rate for the Wyong Shire is 8.8% (March 2010). The level of unemployment is significantly higher than the balance of New South Wales and the national averages of 5.9% and 5.6%, respectively.
- Retail trade accounts for some 14.6% of all jobs in the Wyong Shire as compared with 12.3% for the balance of New South Wales and 11.3% for Australia. Retail is an important employer in non-metropolitan locations and will continue to be in the future.
- Retail jobs are also the largest provider of youth employment. As such, the Warnervale Town Centre would not only increase the number of employment opportunities in the region but would also specifically generate youth employment opportunities which are currently limited in the surrounding area. This will be important for the region, and particularly the immediate population, which is a young, family based population.

TABLE 1 – ESTIMATED EMPLOYMENT IMPACT

Type of Use	Estimated Employment Per '000 sq.m	Warnervale TC	
		Change in GLA (sq.m)	Employment (persons)
DDS	27	8,044	217
Supermarket	50	5,550	278
Mini-majors	20	1,400	28
Retail Specialty Shops	60	10,006	600
Total Centre¹		25,000	1,123
Net Increase²			1,011
<p>1. Excludes non-retail components.</p> <p>2. Net increase includes an allowance for reduced employment levels at impacted centres estimated at 10% of the total increase</p>			


TABLE 2 – ESTIMATED EMPLOYMENT IMPACT

Original Stimulus	Direct Employment	Supplier Employment Multiplier Effects	Total
Centre Employment ¹	1,011	959	1,970
<p>* Employment totals include both full-time and part-time work</p> <p>1. Indicates the estimated number of net additional ongoing jobs as a result of the proposed development</p> <p>Source : Australian National Accounts: Input-Output Tables 1996-97</p>			


TABLE 3 – ESTIMATED CONSTRUCTION EMPLOYMENT IMPACT

Original Stimulus	Estimated Capital Costs (\$M) ¹	Direct Employment	Supplier Employment Multiplier Effects	Total	
Construction of Project	47.1	330	528	858	Job Years ²
<p>* Employment totals include both full-time and part-time work</p> <p>1. Adjusted by inflation and productivity to 1996/97 Dollars</p> <p>2. Indicates the estimated number of jobs over the life of the construction project plus ongoing multiplier effects, for the equivalent of one year</p> <p>Source : Australian National Accounts: Input-Output Tables 1996-97</p>					

