



City of Swan

Midland Oval – Economic Impact

Draft Report

May 2015



Document Control				
Document Version	Description	Prepared By	Approved By	Date Approved
v 1.0	Midland Oval Economic Impact	Robert Kyne	Jason McFarlane	18-May-2015

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1 Introduction

The purpose of this impact analysis is to estimate the value of the full build-out of the Midland Oval development to the broader Western Australian economy. This has been estimated on the basis of direct, indirect and induced investment during the construction phase, and through direct and indirect job creation during the operations phase, when the precinct reaches capacity.

Impact analysis has been used for the construction phase and includes multipliers to estimate the aggregate effect that an injection of economic activity will have on the broader economy. The impact modelling calculates a series of average and aggregate measures relating to employment within Midland Oval, enabling the potential economic impact of each part of the development plan to be assessed. Economic indicators used include:

- Output value – based on estimated construction costs and yields (retail, commercial, residential, public works)
- Employment quantum based on average output per full time employee (FTE)

The measures involve assumptions using a mix of National Accounts and ABS Census data. In the absence of output value data for small areas, averages per worker are derived from National Accounts data for all Australian industries. Through applying these averages and multipliers to the data available for Midland Oval we can estimate the economic impact to the broader economy. It is important to note that because these measures are based solely on averages there is a significant margin for variation.

In 2002 the Australian Bureau of Statistics discontinued producing and publishing input-output multipliers. The last version of multipliers was produced in 1998-99. Production was discontinued due to ongoing debate regarding their suitability for the tasks to which they are most commonly applied. There are inherent shortcomings and limitations of multipliers for economic impact analysis. As such, estimates of indirect and induced investment should be considered as indicative only.

Operations phase employment has been estimated using m² floorspace per employee averages for activity centres within the City of Swan. These have then been applied to the floorspace yields provided to estimate direct employment. Employment multipliers derived from national accounts have then been applied to estimate the indirect flow on effect within the Western Australian economy.

2 Midland Oval Economic Impact of Construction

Midland Oval construction has been estimated to be approximately \$691,000,000 over the complete build out period. Multipliers and industry output averages have been used to estimate the potential impact to the broader Western Australian economy from the development of the site.

2.1 Output

Total output and economic impact resulting from the construction of Midland Oval has been estimated using expected construction costs and construction industry multipliers. These estimates can be found in Table 1.

Table 1. Midland Oval - Economic Impact

	Direct Effect	Direct + Indirect Effect	Direct + Indirect + Induced Effect
Construction of Precinct	\$691,000,000	\$1,072,000,000	\$1,383,000,000

Sources: City of Swan, ABS Catalogue 5209, Pracsys Analysis 2015, Clements, Qiang (1998)¹

Direct output and economic impact is shown under direct effect. Total direct output is expected to equate to approximately \$691 million dollars over the entire build out. The second column illustrates the cumulative output of the direct and indirect output, this is expected to equate to \$1.07 billion. The third column uses a total multiplier of 2 to estimate the direct, indirect and induced effect of the development. This means that for every unit of output or dollar invested the estimated effect to the economy is 2 times larger due to flow on effects. This is expected to equate to approximately \$1.38 billion contribution to the economy upon full build out.

2.2 Employment

Direct employment estimates from private investment are shown in Table 2.

Table 2. Employment Estimates

	Cost	Employment	Direct + Indirect + Induced Effect
Construction of Precinct	\$691,000,000	1,317	3,858

Sources: ABS Catalogue 5209, Pracsys Analysis 2015, Clements, Qiang (1998), City of Swan

A national average output of \$525,064 per construction worker was used to derive estimated employment for the Midland Oval development. The entire Midland Oval development is expected to generate 1,317 FTE (Annualised) construction jobs over the full development term. The total flow on effect of this job creation is expected to than create a further 2,541 annualised FTE jobs elsewhere in the economy over the life of the project.

¹ Clements, K, Qiang, Y, "A New Input Output Table for Western Australia", *Department of Economics, The University of Western Australia*, Accessed from (<https://ecompapers.biz.uwa.edu.au/paper/PDF%20of%20Discussion%20Papers/1998/98-16.pdf>)

3 Midland Oval Ongoing Economic Impact

Midland Oval is expected to continue to produce a positive economic impact past the construction and development stage. This section has been designed to detail the number of employment opportunities and other positive economic impacts that occur due to the Midland Oval development upon full build out.

3.1 Employment

The Midland Oval development is expected to facilitate numerous jobs once completed. Ongoing employment has been estimated through applying the average floorspace per employee calculated from other Swan activity centres. This employment generation is shown in Table 3. The table also shows the jobs that will be supported elsewhere as a result of the jobs created within this development; this amounts to approximately 3,400 jobs.

Table 3. Employment Opportunities in Midland Oval

Category	Floorspace (m ²)	Direct Employment	Direct + Indirect + Induced Effect
Office	89,000	2,415	5,191
Retail	36,900	917	1,531
Education/Culture/Civic	4,000	23	40
Total	129,900	3,355	6,762

Source: ABS Catalogue 5209, Pracsys Analysis 2015, Clements, Qiang (1998), City of Swan

3.2 Output

Midland Oval is expected to support a number of retail, office and civic employment opportunities. The modelling undertaken has estimated the precincts value to the economy at full build out. This has been estimated using previously generated employment averages and then applying national averages for output per FTE. Office employment has been roughly split at a high level between real estate, legal, accounting, public administration and medical uses to arrive at this estimate. Actual uses may differ and thus this is intended to be indicative only. The estimate of output and hence contribution to the economy is shown in Table 4.

Table 4. Estimated Output

Retail Category	Direct Employment	Output
Office	2,415	\$722,000,000
Retail	917	\$84,000,000
Education/Culture/Civic	23	\$2,000,000
Total	3,355	\$808,000,000

Source: ABS Catalogue 5209, Pracsys Analysis 2015, Clements, Qiang (1998), City of Swan

As shown in Table 4, the precincts ongoing contribution to the economy at full build out could be as high as approximately \$800 million, though this will depend on the specific uses that locate within the precinct.



4 Conclusion

This analysis demonstrates that the development and ongoing existence of Midland Oval is expected to have many positive economic impacts on the broader economy. The construction phase has the potential to generate a significant amount of jobs over the entirety of the build out. The operational phase of the development is also expected to contribute to significantly to the economy with a substantial contribution to the economy and a large number of job opportunities when fully utilised.