



City of Swan

Midland Oval Economic Impact Estimate Update

Briefing Note

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1 Introduction

The City of Swan has a Masterplan for redeveloping the Midland Oval into a mixed used center that accommodates commercial, retail, community and residential spaces. The purpose of this impact analysis is to estimate the economic impact of the full build-out of the Midland Oval development on the broader Western Australian economy.

2 Methodology

The analysis measured direct, indirect and induced investment during the construction phase, and direct and indirect job creation during the operations phase, when the precinct reaches capacity. Based on ranges previously provided by the City of Swan, it has been assumed that construction will take place over a six-year period. 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)

Multipliers have been used to estimate the aggregate effect that an injection of economic activity will have on the broader economy¹. 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 on national averages there is a significant margin for variation.

Operations phase employment has been estimated using m² floorspace per employee averages from benchmarked areas (Figure 1).

Figure 1. Benchmark Centres

Centre	Relevant Floorspace
Cockburn Gateway	Office Retail Community Civic
West Perth	
Highgate	
Victoria Park	
East Victoria Park	
Leederville	
Mandurah	
City of Swan Selected Centres	Accommodation
Belmont Town Centre	Cinemas

Source: Department of Planning 2015

¹ In 2002 the Australian Bureau of Statistics discontinued producing and publishing input-output multipliers. The last version of multipliers was produced in 1998-99. Pracsys calculates current multipliers using the ABS: 'Information Paper Australian National Accounts Introduction to Input-Output Multipliers' and the latest National Accounts employment data (2012/13). There are inherent shortcomings and limitations in using multipliers for economic impact analysis. As such, estimates of indirect and induced investment should be considered as indicative only. <http://staff.estem-uc.edu.au/taipham/files/2012/03/52460-Information-Paper-Introduction-to-Input-Output-Multipliers.pdf>



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. Output per Full Time Equivalent Employee (FTE) was used to estimate the total output of the centre once operational.



3 Construction Phase

Midland Oval construction has been estimated to be approximately \$680 million over the complete build period (Figure 2). The cost components were categorised by Input Output Industry Groups to provide a more accurate estimate of impact.

Figure 2. Construction Cost Breakdown

Cost Component	IOIG	Cost (\$)	Total Output (\$)
Construction cost and margin (3-4%) of community, civic, retail and commercial spaces	Non-Residential Building Construction	230,975,305	794,812,615
Construction cost and margin (3-4%) of residential spaces	Residential Building Construction	257,174,028	840,556,567
Construction cost and margin (3-4%) of the parking lot ²	Heavy and Civil Engineering Construction	60,999,317	192,847,112
Preliminaries	Construction Services	44,328,326	133,708,235
Design Contingency	Professional, Scientific and Technical Services	44,929,259	142,042,209
Construction Contingency	Construction Services	41,160,012	130,125,874
Total		680,292,996	2,236,136,724

Source: ABS National Accounts 2012/13, City of Swan 2014-17, McLennan 2012

Total output is estimated to be \$2,236 million based on IOIG multipliers and initial construction costs.

3.1 Impact

Direct employment generated through the construction phase of the Midland Oval project totals 254 per annum (Figure 3).

Figure 3. Direct Construction Employment

IOIG	Direct FTE Employment per Annum	Total Direct FTE employment over project period (6-years)
Residential Building Construction	87	523
Non-Residential Building Construction	69	416
Heavy and Civil Engineering Construction	5	28
Construction Services	33	197

² The cost of the parking lot is based on the estimate for the 1 stage option. Given the minor difference in cost of \$4 million between the two options there is no need to report both outcomes

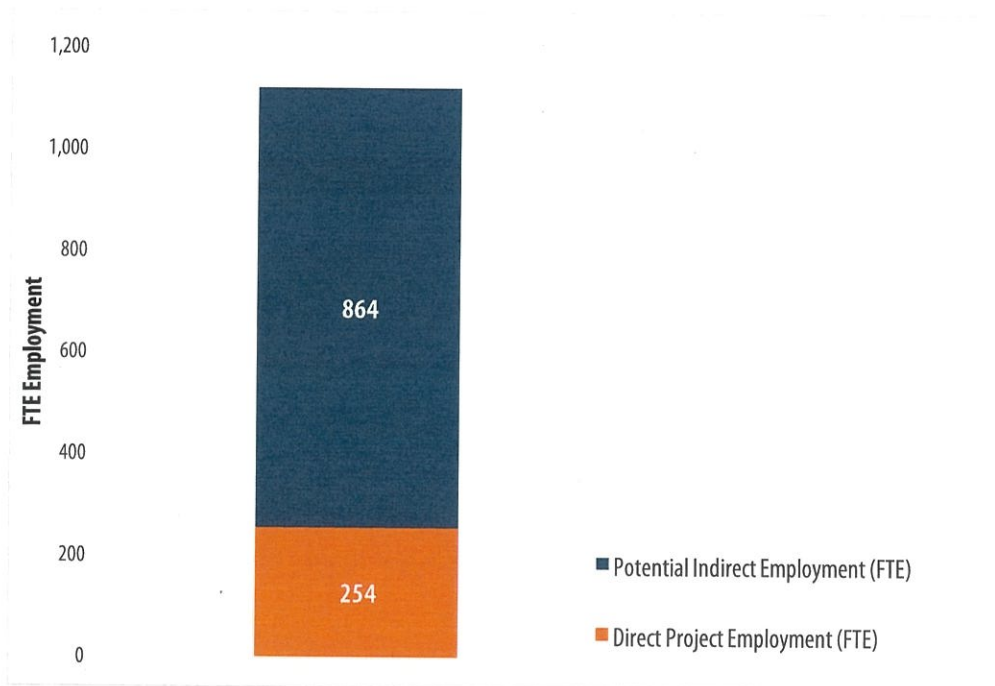


IOIG	Direct FTE Employment per Annum	Total Direct FTE employment over project period (6-years)
Professional, Scientific and Technical Services	29	173
Construction Services	24	144
Total Direct Employment	254	1,526

Source: ABS National Accounts 2012/13, City of Swan 2014-17

Using multipliers, it is possible to estimate the total employment generated through the construction of the project project (Figure 4).

Figure 4. Total Construction Employment



Source: ABS National Accounts 2012/13, City of Swan 2014-17, McLennan 2012

It is estimated the Midland oval will generate approximately 1,118 FTE employment opportunities per annum in the broader economy for the period of construction.

4 Operation Phase

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.

4.1 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 benchmarked activity centres (Figure 5).

Figure 5. Operational Employment

Metric	Restaurants, Bars, Cinema	Retail	Commercial	Civic and Community	Hotel	Total
Floorspace (m ²)	5,720	22,978	74,714	15,528	6,458	125,398
Part Time	37	595	484	185	35	1,336
Full Time	25	293	2,737	271	30	3,356
Total Direct FTE³	44	590	2,979	363	47	4,024
Indirect and Induced	36	555	7,857	389	56	8,893
Total Employment	80	1,145	10,836	753	103	12,916

Source: Department of Planning 2015, ABS National Accounts 2012/13, McLennan 2012.

Total direct FTE employment is estimated to be 4,000 upon completion of the proposed development. Total employment, including indirect and induced effects, amounts to an estimated 13,000.

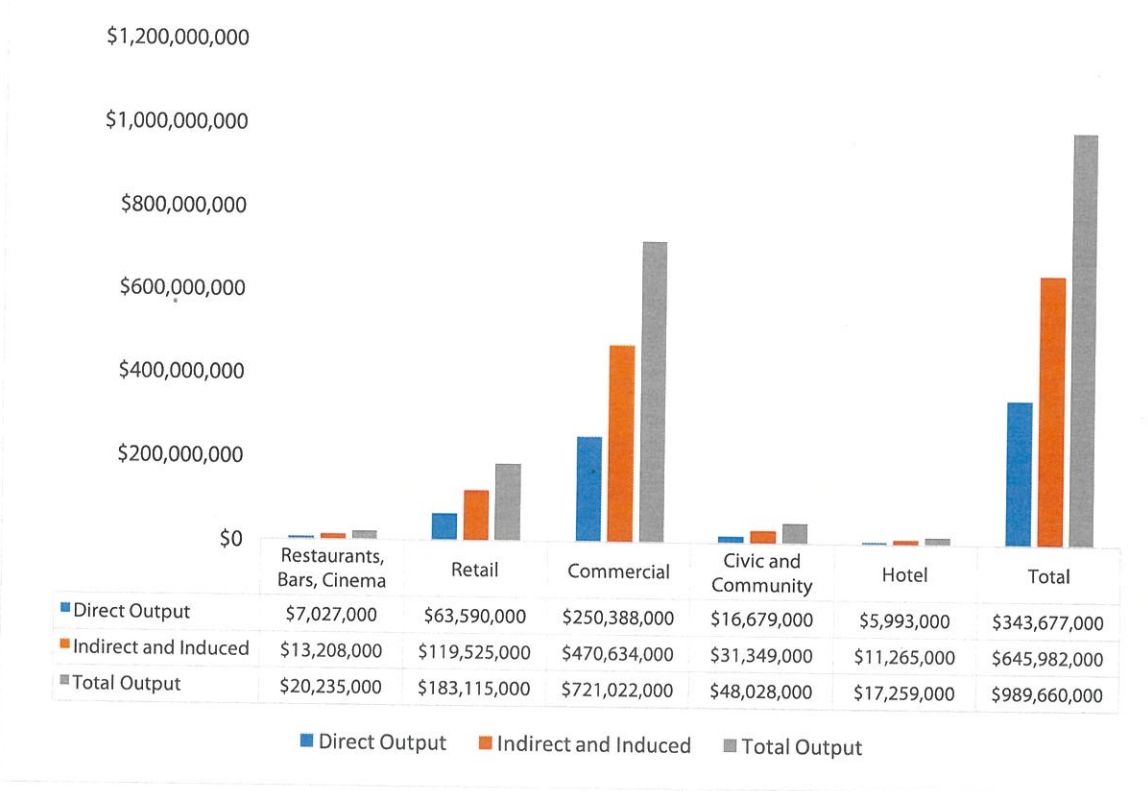
4.2 Output

Midland Oval is expected to support a number of retail, accommodation, 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 national averages for output per FTE. Office employment has been estimated at a high level using real estate, legal, accounting, public administration and information services. Actual uses may differ and thus this is intended to be indicative only (Figure 6).

³ It was assumed that a part-time job was equal to ½ a full-time job to estimate FTE



Figure 6. Operational Output (\$)



Source: Department of Planning 2015, ABS National Accounts 2012/13, McLennan 2012

The estimated direct output from Midland Oval is approximately \$344 million. The development could contribute up to \$990 million to the broader economy at full build out, though this will depend on the specific uses that locate within the precinct.



5 Conclusion

This analysis demonstrates that the development and ongoing existence of Midland Oval is expected to have a positive economic impact on the broader economy. The construction phase has the potential to generate a significant amount of jobs over the build out period, providing a boost to the economy. The operational phase of the development is also expected to contribute positively to the economy with the potential to generate an estimated 4,000 direct FTE employment opportunities and approximately \$344 million in industry output, as well as serving as an anchor of activity within the City of Swan.

