

TECHNICAL REPORT NO 9

ECONOMIC IMPACTS

STRATEGIC ECONOMIC SOLUTIONS

REMONDIS Integrated Recycling Plant Camellia

Economic Impacts

REVISED REPORT

Prepared by
Kim Houghton and Peter Annis
Strategic Economic Solutions Pty Ltd

in collaboration with Elton Consulting

For NECS

Revised Report
21 October 2010



1. *Introduction*

REMONDIS is proposing to construct an Integrated Recycling Park at Camellia in Parramatta. As part of this work, there is a requirement for a socio-economic overview of the impact of the development. Much work has already been done on the proposal, including a Preliminary Environmental Assessment in late 2009 and a Design Report in mid 2010. This economic impact assessment complements the social impact work being undertaken by Elton Consulting in response to the need to include a 'socio-economic impact' component into the submission.

This study looks at the four main components of the economic impact of the development:

1. Construction (project value, employment, construction phase local spend, expected multipliers);
2. Operations (staff, expected wage levels);
3. Contracted transport (vehicle movements, value of transport contracts, expected multipliers); and
4. Other contracted services (value of other contracted services, expected multipliers).

Each of these components is addressed in turn below, following a summary of facility's economic context. The study then includes an assessment of the policy context surrounding the proposed facility, highlighting factors likely to help or hinder its operations. The study concludes with a summary of the economic impacts of the proposed facility.



2. *Parramatta Economic Context*

With a growing population, and as a major centre in Sydney's West, Parramatta is an ideal site for collection and processing waste. The waste policy context has been summarised in the social impact assessment, and shows that there is likely to be increasing demand for treatment and processing of organic material (household and commercial sources) in the area. The processing facility proposed will be able to handle a significant proportion of organic material from around Parramatta, and will also provide a significant number of employment opportunities.

With the presence of Collex in Parramatta, and the significant role their facility at Woodlawn has in absorbing much of the residual waste that Sydney generates, the addition of this recycling and processing facility would strengthen the potential for development of waste management/recycling cluster in Parramatta. The area already hosts advanced steel and equipment recycling operations, as well as a paper and cardboard recycling facility.

Population and demographics

Parramatta City is situated about 24 kilometres from the Sydney GPO, in Sydney's western suburbs. It is bounded by Baulkham Hills Shire and Hornsby Shire in the north, the City of Ryde in the east, the Auburn Council area, Bankstown City and Fairfield City in the south and Holroyd City and Blacktown City in the west.

Parramatta City's estimated resident population was 162,000 at 30 June 2008, an increase of 2.5% on the year before. The population has grown over the past decade since 1996 when the estimated number was 143,021. Almost two-thirds (63%) of Parramatta City's people are in the 20–64 year age group. Young people (0–19 years) make up 25% of the population, while around 12% are aged 65 or over. Just over half (52%)



are known to be Australia-born, 40% born overseas, and almost 1% (1,218) are Indigenous.

Compared to the Sydney Statistical Division, in Parramatta City (2006) there are larger proportions of people born overseas as well as from non-English speaking backgrounds. Of those born in other countries: China, India and Lebanon are the most common birthplaces of people now living in Parramatta City.

The city has a growing population, low unemployment and a skilled workforce, expected to grow from 86,000 by 30,000 over the next quarter century across a range of industry sectors. By 2051, the State Government estimates that the Parramatta CBD will host up to 100,000 jobs.

Employment in Parramatta

Parramatta is emerging as one of Sydney's most significant employment destinations, its accessibility being a key asset. The City is the financial and business centre of Western Sydney and home to some of Australia's biggest corporations and government agencies. 92,000 people work in the Parramatta Local Government Area with 35,000 employed in the CBD alone.

Within Parramatta, the three largest employing industries are:

- Health and community services
- Manufacturing
- Property and business services

Other sectors that employ large numbers of people in Parramatta are: retail trade; finance insurance & business services; wholesale trade; and Government administration & defence. Major employers include: AGC Finance, Boral, Burns Philp, Clyde Industries, Coca Cola Amatil, Collex, Department of Fair Trading, Freightcorp, Hunter Douglas, Merck Sharp and Dohme, NSW Police Service, the Office of State Revenue, Parramatta Leagues Club, Revlon, Seatons, Shell, Sydney Turf Club, University of



Western Sydney, Westbus, Westfield Shoppingtown, and Westmead Hospital.

Parramatta is expected to consolidate its role as a regional service centre, with jobs growth forecasts particularly strong in the retail sector.

Parramatta Economy

After Sydney and Melbourne, Parramatta City has Australia's third largest regional economy. Its economic output (gross regional product or GRP) in 2006-07 was estimated at \$11.1 billion, representing a growth 6.0% the previous period, matching overall State growth rate of 6.2% (BizFacts).

Parramatta's largest industry is finance and insurance (at \$1.84 billion accounting for 16.5% of GRP), followed by manufacturing \$1.45 billion (or 12.9%) and property and business with \$1.41 billion (or 12.6%).

As Sydney's second CBD, Parramatta's economy is evolving and growing, becoming increasingly complex and diverse.

The State Government's vision statement for the City focuses on developing economic diversity and prosperity:

Parramatta City's productive and strong economy will continue to provide diverse employment and business opportunities, and harness local skills and talent. The City will be attractive to investors and young people and complement the CBD's role within the Sydney metropolitan region.

The expected growth in population, workforce and local jobs provides a dynamic focus to the city's economic development. The look and feel of the City will continue to change over the next 25 years as more medium and high density residential apartments are built and occupied, and as the scale of CBD employment grows. The \$1.4 billion Civic Place development of three hectares in the heart of the city, is described as one of the largest urban revitalisation projects in NSW this century.



The labour force in Parramatta shows a diverse mix covering high skilled and managerial occupations, alongside trade and lower skilled workers. Parramatta's labour force is thus well-suited to a value-adding operation such as that proposed, which requires a diversity of skilled and non-skilled labour.

At over 60 staff, the new facility will be one of around only 600 locally-based businesses employing over 20 staff, making it a significant new enterprise for the City. One potential challenge to the proposed facility will be managing the high levels of turnover amongst Parramatta residents.

The average wage of Parramatta's 71,000 wage and salary earners in 2007 was around \$42,200, and incomes for many of the full-time staff at the proposed facility are expected to be above this average. These wages paid as part of ongoing operations are an important part of the facility's economic impact, alongside the payments to contractors that will be engaged – especially transport contractors bringing in raw materials and distributing the value-added product.



3. *Economic impact of construction*

The value of construction the facility is expected to be around \$21million.

Using an averaged multiplier for construction of 1.81 (ie every dollar of construction output requires another 81c of output from other parts of the economy), the total value of the development, including flow-on effects will be in the order of \$38million.

On current benchmarks (ABS Input-Output tables and other sources) the construction program will mean some 147 construction jobs, and 84 jobs in businesses supplying material and another and 42 jobs in other parts of the economy to support material manufacture and construction activity.



4. *Economic impact of operations*

The facility will comprise two main operations:

1. Commercial & Industrial Resource Recovery Facility capable of receiving & processing up to 100,000 tonnes per annum; and
2. Source Separated Organic Resource Recovery Facility capable of receiving and composting up to 50,000 tonnes per annum of mainly green and food wastes.

The facility is expected to be open for waste delivery 24 hours per day and 7 days per week all year, with the main activity levels during the first (morning) shift (40 staff), mid level operations during the second (afternoon) shift (20 staff), and a small number of workers (5 staff) on during the night shift.

The wages provided directly by the proposed facility are expected to total over \$2.2 million per annum – with over one-third to be paid to skilled full-time staff. If it is assumed that 60% of these wages will be spent on goods and services in Parramatta, then the facility would inject another \$1.3 million into the city's economy through its staff. With a retail multiplier of 1.9 estimated by the ABS (Cat 5209.0) then this additional expenditure will induce another \$1.2 million in flow on retail activity, equivalent to around three more local jobs supported in retail.

There are no competing operations in the region that replicate the processing of the organic fraction from Commercial and Industrial and source separated green and food waste collections.



5. *Economic impact of contracted transport*

The Commercial & Industrial Resource Recovery Facility is expected to require an average 46 delivery trucks per 24 hours, while the Source Separated Organic Resource Recovery Facility is expected to require 18 truck deliveries per 24hrs. Outbound, the two activities are expected to require 28 truck movements every 24hrs.

The annual value of these contracted deliveries and dispatches is expected to be in order of \$ 1.1 million, and much of this can be expected to go to local transport companies. With a multiplier of 1.84 the total impact of the transport contracts is expected to be over \$2 million directly to transport businesses and indirectly to the enterprises that supply goods and services to these businesses.



6. *Economic impact of other contracted services*

The operation of the proposed facility is expected to also require over \$0.5 million of expenditure on other services including, for example, security, electrical repairs, plant and equipment, and general repairs and maintenance.

With an average multiplier across these service industries of 1.54 the total impact of these contracts is expected to be over \$790,000 per annum.



7. *Policy Context*

In recent years the fate of many 'clean tech' industries has been fundamentally altered by the legislative context in which they operate. An example of this is the stop-start growth of the solar industry through the introduction of various changing state and local government subsidies and schemes. The policy context for waste management and resource recovery both locally and nationally will likely change the markets for organic material significantly over the next ten years. We are likely to see the development of some significant new markets and opportunities for businesses as regulatory and legislative change occurs.

National Waste Policy and Organic Waste

Australia's environment ministers agreed to a new national policy on waste and resource recovery in November 2009—the first since 1992. The National Waste Policy: Less Waste, More Resources sets the agenda for waste and resource recovery in Australia over the next 10 years, and includes strategies to monitor and address organic waste.

Key strategies in the policy to address issues associated with organic waste include:

- Continued government (particularly state and territory government) focus to reduce the amount of biodegradable material sent to landfill.
- Management of safety and health risks arising from landfill gas emissions.
- Development of a strategy for emissions from landfills and other waste activities not covered by the operation of a future Carbon Pollution Reduction Scheme (or other greenhouse gas related policy).

The Australian Government, in consultation with state and territory governments, is considering ways to improve the sustainability of organic waste through the National Waste Policy. Options include:

- The expansion of energy production from organic wastes
- Taking action to address greenhouse gas emissions from organic wastes, and



- Standards and guidance for organic waste products such as mulch, compost and soil conditioners to increase their uptake in consumer markets.

Implications

All of these options have potential to both positively and negatively affect the viability of the proposed plant at Camellia.

For example, in order to limit the amount of organic material sent to landfill, economic instruments such as increasing the NSW waste levy are likely to add incentive to local government and commercial operators to source separate more organics from material bound for landfill, thus creating a larger market for processors of organics.

Likewise in July 2010, the NSW Government jettisoned “justifiable demand” as the core criteria for new landfills in the Sydney basin. Instead the new criteria shift the emphasis towards increased waste recovery, including whether waste bound for a new landfill has first been minimised through some kind of resource recovery. Thus, with the stroke of a pen, increasing the demand for organics processing in the Sydney, but also presenting an opportunity for competitors, such as Veolia’s Woodlawn landfill which, which may be able to remove its annual volume cap given it aims to be processing waste through a planned onsite facility called WASP.

Standards and regulations for the production of organic waste products such as mulch and compost will likely increase the costs of producing these products. However, this may well be offset by economies of scale and the availability of more and cleaner material ensuring a less contaminated, more consistent, and marketable product.

Increased consumer interest and knowledge of ‘green issues’, as well as increased commercial and government markets for recycled organics (for example catchment remediation work) is likely to provide a significantly increased demand for recycled organic products including energy production and compost.



As well as reducing emissions of landfill gas, better management of organics can produce additional benefits. For example, a tonne of composted mulch applied in agriculture can sequester 25 kg of carbon in soil, and at the same time improve soil fertility and assist in water retention. As such, it is likely that if a CPRS or carbon tax is introduced, new markets for materials will also be created where there have been limited markets in the past.



8. *Implications*

The main direct and indirect economic impacts of the proposed facility are summarised in the following table.

	Jobs	Value of business \$pa	Flow on \$pa
Construction	47	21m	16.8m
Site Operations			
Wages	65	2.2m	1.2m
Transport		1.1m	0.92m
Other contractors		0.5m	0.28m

Construction

The construction component of the facility will add to the level of construction activity in Parramatta – perhaps exacerbating existing skills shortages. There will be considerable flow-on to local businesses and construction services providers.

Operations

Recycling operations will bring sizeable number of new jobs to the City – for a mix of low skilled, trades qualified and high skilled workers. The direct wages bill of over \$2 million per annum will be supplemented by another \$1.5million per annum in contracted transport and other services.

The processing facility proposed will be able to handle a significant proportion of organic material from around Parramatta, and will help meet the expected increasing demand for treatment and processing of organic material (household and commercial sources) in the area.



The proposed facility would also add to existing waste related enterprises based in Parramatta (like Collex) to provide the nucleus of a potential waste management or recycling cluster in the City. Such a cluster would be of benefit to the City in handling its own waste, as well as being of benefit across Sydney if it were able to continue to offer innovative approaches to waste management and recycling.

