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the country the people

**Crago Mill Precinct**  
**Council Administration & Community Infrastructure**

**Economic Assessment**

**Project undertaken for Yass Valley Council**  
**September 2024**

# Crago Mill Precinct Council Administration & Community Infrastructure Economic Assessment

**This report has been prepared by the team at REMPLAN**

September 2024

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## RESOURCES

Economic Impact Modelling has been undertaken using REMPLAN™ software that has been authored by Principal Research Fellow (ret.), Ian Pinge, at La Trobe University Bendigo.

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## Shortened Forms

<b>ABS</b>	Australian Bureau of Statistics
<b>ATAP</b>	Australian Transport Assessment and Planning
<b>Precinct</b>	Crago Mill Precinct
<b>CBA</b>	Cost Benefit Analysis
<b>CBR</b>	Cost Benefit Ratio
<b>Council</b>	Yass Valley Council
<b>EIA</b>	Economic Impact Assessment
<b>GRP</b>	Gross Regional Product
<b>LGA</b>	Local Government Area
<b>NSW</b>	New South Wales
<b>NPV</b>	Net Present Value
<b>\$M</b>	\$ millions

## Executive Summary

### Background

Yass Valley Council's (Council) proposed Crago Mill Precinct (Precinct) project is the result of extensive community consultation and will see the enhancement and conversion of the historically significant Crago Mill site into a multi-use community precinct, which will include development of Council administration centre and community infrastructure.

At a cost of \$50.7 million the Precinct will deliver the following components and a number of public spaces that to the main street:

- New Civic Administration Centre including Council Chambers.
- Refurbished Crago Mill to be repurposed as a community space and commercial café.
- New Yass Valley Library inclusive of assembly, maker and digital technology spaces.
- Community Space, landscaping, and onsite car parking.
- Commercial Building with tenancy and bookable spaces for co-working offices.

Placed at the centre of the proposed Precinct is the heritage-listed Crago Mill, which is in need of both renovation and a new purpose. After reviewing the various proposed options for the future use of the building, it has been decided to develop the Mill to include:

- A cafe/ restaurant to be located on the ground level with outdoor seating.
- Flexible exhibition spaces throughout the upper floors.
- Flexible multipurpose space in the basement.
- To provide access to all levels of the building and construct a new stair and lift extension to the northern side of the Mill.

The Precinct is expected to be delivered in two phases over a three year period taking into consideration the existing Administration building location is within the Precinct construction footprint and the need for uninterrupted Council operations.

### Economic Impact Assessment

An economic impact assessment (EIA) has been undertaken using REMPLAN – *regional economic modelling and analysis system* to capture the regional economic contribution of the Precinct.

#### Construction Phase Impact

At an estimated cost of \$50.7 million, construction is expected to occur over a 3 year period. The direct and indirect economic impact of the construction phase must be considered as short term. Positive economic impact in terms of output, employment and value-added within the local economy will be limited to the period of construction.

The construction phase of the Precinct is expected to generate the following impacts on the economy of Yass Valley Local Government Area (LGA) during the construction period (inclusive of flow-on supply chain and consumption effects):

- Output – Gross revenue of \$93.7 million.
- Employment – Supporting 124 short-term jobs at peak of activity in Year 2.
- Value-Added – \$30.1 million of value-added.

The output impact represents a Type 2 Output multiplier of 1.849. That is, for every \$1.00 of direct expenditure during the construction phase, the economy of Yass Valley LGA is estimated to benefit by up to a further \$0.85 once flow-on supply chain and consumption effects are taken into consideration.

Table ES-1 Construction Phase Impact Summary, Years 1-3, Yass Valley LGA

	Direct Effect	Supply Chain Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$M)	\$50.7	\$35.0	\$8.0	\$93.7	1.849
Employment (Jobs) Peak – Year 2	47	61	16	124	2.638
Value-added (\$M)	\$12.6	\$12.6	\$4.9	\$30.1	2.384

The construction phase impact on the economy of New South Wales is inclusive of the effect on Yass Valley LGA and is higher, reflecting the State’s greater capacity to supply intermediate goods and services for the project and to service household consumption. Total construction phase impact on New South Wales (direct and indirect effects) is estimated to be:

- Output – Gross revenue of \$138.9 million.
- Employment – Supporting 188 short-term jobs, during the peak year of construction (Year 2).
- Value-Added – \$49.2 million of value-added.

#### Operation Phase Impact

Once developed, the Precinct will support new local jobs and additional revenue for local businesses, the following assumptions have been adopted to estimate the direct economic impact:

- Crago Mill Café’ will require at least 6 employees.
- Ability for Council to grow workforce by 30%.
- The business occupying the commercial office space will have an employee base of 14 workers, moving to the Precinct will allow the business to double its workforce (from 7 to 14).
- Users of the Work Hub co-working space will spend an average of \$30 per day at either retail or food and beverage businesses within close vicinity to the Precinct.

The additional on site (i.e. within the Precinct) employment and the increase in revenue for local business will generate additional economic activity. The direct and indirect economic impact of the operations phase is considered annual and ongoing.

Operations of the Crago Mill Precinct and the associated increase in local jobs and revenue is expected to generate the following annual impacts on the economy of Yass Valley LGA every year of operations, inclusive of direct, supply chain and consumption effects:

- Output – Gross revenue of \$18.5 million.
- Employment – Supporting 58 ongoing jobs.
- Value-Added – \$9.7 million of value-added (marginal economic value gained and contributed to gross regional product).

Table ES-2 Annual Operation Phase Impact, Yass Valley LGA

	Direct Effect	Supply Chain Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$M)	\$11.0	\$4.4	\$3.1	\$18.5	1.679
Employment (Jobs)	37	12	9	58	1.568
Value-added (\$M)	\$5.9	\$1.9	\$1.9	\$9.7	1.653

The total economic impact on New South Wales inclusive of direct, supply chain and consumption effects (and inclusive of effects on regional economies), is estimated to be:

- Output – Gross revenue of \$29.7 million.
- Employment – Supporting 83 ongoing jobs.
- Value-Added – \$14.9 million of value-added.

## Return on Investment

The return on investment was determined by a cost benefit analysis (CBA) which assessed costs and benefits accruing over the serviceable life of the development (20 years) with the resulting cost benefit ratio (CBR) demonstrating the relationship between the relative costs and benefits of the project.

The cost assessment includes:

- Direct costs associated with construction.
- Increased maintenance and asset renewal costs.
- Increased operational expenses associated with local businesses servicing the expenditure of Work Hub users and management of the lease for café and commercial office space.

The benefits assessment includes:

- Income to Council due to lease of commercial spaces (café and office space).
- Economic benefit of associated with the marginal increase in employment.
- Increased economic activity captured in the local area due to the utilisation of the Work Hub coworker space at the Commercial Building.
- Travel time savings for workers utilising the coworker space.
- Value of library to new users.

Under a 7 per cent discount rate, the ratio of costs to benefits associated with the marginal change brought by the Crago Mill Precinct is \$1.00 to \$1.26. Therefore, it is estimated that for every dollar of cost over the a 20-year period there is an economic benefit likely to be delivered valued at \$1.26.

The Precinct's net benefit (i.e., NPV) over the 20-year analysis period is estimated to be \$12.5 million.

Table ES-3 Cost Benefit Analysis Summary

	Real Discount Rate % p.a.		
	4%	7%	10%
Project Net Present Value (\$M)	\$31.3	<b>\$12.5</b>	-\$0.1
Cost Benefit Ratio	1.00 : 1.61	<b>1.00 : 1.26</b>	1.00 : 1.00

## Contents

<b>EXECUTIVE SUMMARY .....</b>	<b>III</b>
<b>1. REPORT PURPOSE .....</b>	<b>1</b>
<b>2. CRAGO MILL PRECINCT .....</b>	<b>2</b>
2.1 PROJECT BACKGROUND .....	2
2.2 PROJECT SCOPE .....	2
2.3 PROJECT OUTCOMES.....	3
2.4 PROJECT COSTS .....	4
2.5 PROJECT DELIVERY .....	4
<b>3. SCOPE OF ECONOMIC ASSESSMENT .....</b>	<b>6</b>
3.1 ECONOMIC IMPACT ASSESSMENT .....	6
3.2 COST BENEFIT ANALYSIS .....	7
<b>4. REGIONAL ECONOMIC CONTRIBUTION.....</b>	<b>8</b>
4.1 CONSTRUCTION PHASE IMPACT .....	8
4.2 OPERATION PHASE IMPACT .....	13
<b>5. COST BENEFIT ANALYSIS .....</b>	<b>17</b>
5.1 OVERVIEW.....	17
5.2 COST ASSESSMENT.....	17
5.3 BENEFITS ASSESSMENT .....	20
5.4 COST BENEFIT RATIO .....	24
<b>6. SUMMARY.....</b>	<b>25</b>
<b>APPENDIX A. DETAILED COST BENEFIT ANALYSIS .....</b>	<b>26</b>

## 1. Report Purpose

This report and supporting analysis has been undertaken at the request of Yass Valley Council (Council) and presents an economic assessment for the Crago Mill Precinct project proposed for Yass, New South Wales.

Based on the information provided by Council, REMPLAN has identified the direct and indirect economic effects associated with the project on the economies of Yass Valley Local Government Area (LGA), Southern Tablelands and New South Wales during construction, the resulting long-term employment impacts during operation, and the potential return from project investment.

Economic impact analysis has been undertaken using REMPLAN – *regional economic modelling and analysis system*<sup>1</sup>. This analysis applies REMPLAN regional economic data incorporating information sourced from the Australian Bureau of Statistics (ABS) Census, ABS National Input / Output Tables, and ABS Gross State Product.

The economic assessment includes a cost benefit analysis, with estimates of the cost benefit ratios for the marginal change brought by the project presented at various rates of net present value.

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<sup>1</sup> [www.remplan.com.au](http://www.remplan.com.au)



## 2. Crago Mill Precinct

### 2.1 Project Background

The proposed Crago Mill Precinct (Precinct) project is the result of extensive community consultation and will see the enhancement and conversion of the historically significant Crago Mill site into a multi-use community precinct, which will include development of Council administration centre and community infrastructure.

Crago Mill Precinct will directly address inadequacies and identified gaps in local amenity whilst preserving a historically significant site (Crago Mill was listed on the National Trust of Australia in 2014). The Crago Mill Precinct includes a new Administration Building and Council Chambers, modern and fit for purpose library, refurbishment of the Crago Mill building, co-working spaces, community connection spaces and landscaping.

### 2.2 Project Scope

The Precinct project consists of the following components and the public spaces that connect them and the main street:

- New Civic Administration Centre including Council Chambers.
- Refurbished Crago Mill to be repurposed as a community space and commercial café.
- New Yass Valley Library inclusive of assembly, maker and digital technology spaces.
- Community Space, landscaping, and onsite car parking.
- Commercial Building with tenancy and bookable spaces for co-working offices.

Placed at the centre of the proposed Precinct is the heritage-listed Crago Mill, which is in need of both renovation and a new purpose. After reviewing the various proposed options for the future use of the building, it has been decided to develop the Mill to include:

- A cafe/ restaurant to be located on the ground level with outdoor seating.
- Flexible exhibition spaces throughout the upper floors.
- Flexible multipurpose space in the basement.
- To provide access to all levels of the building and construct a new stair and lift extension to the northern side of the Mill.

An assessment of the existing library undertaken in 2019 by the NSW State Library notes that the existing library facilities do not provide the standards and amenities required by modern library facilities in various aspects. In February 2020, Council resolved to endorse infrastructure priorities, including the Council Administration Complex, library, and commercial space.

The new library facilities are planned to include:

- Spaces for learning, recreational reading, and areas to meet and interact.
- A peaceful lounge for users.
- An enhanced children's area with interactive reading areas that are designed to engage young minds.
- A study centre for all ages to learn individually or in groups.
- Three program areas including an assembly space, maker space and digital technology space.

## 2.3 Project Outcomes

Yass Valley Library outcomes:

- A new Library space in the Civic Centre project that caters for long term needs of the community.
- Circulation of library materials is maintained and increased.
- Improved access to online information.
- Adult digital literacy skills are improved.
- Promote availability of free access to computers and internet for the community.
- Opportunities to improve customer service and service offerings.
- The ability to house a larger collection of books, DVD's and magazines that can be displayed appropriately.
- The new facility will enable the library to offer more community programs, i.e. Children's programs, School activities, technical support programs including computer sessions, programs for teenagers including resume writing and job interview lessons, expanded Storytime programs for preschools, expanded school holiday programs, HSC study groups, supervision of remote university exams.
- Provide improved study and meeting spaces.
- Provide appropriate quiet spaces for general reading and study.
- Provide improved amenity and working conditions for library staff.
- Reduced energy consumption in the library through improved sustainable practices.

Crago Mill outcomes:

- Crago Mill repurposed and highlighted as a community space and café.
- Heritage Interpretative Plan to support implementation of a heritage trail.
- Restoration of the Crago Mill is required to make the space safe and habitable. Currently this space cannot be used, and its restoration would address both heritage concerns as well as providing improved amenity to the community.
- The historic Crago Mill is currently inaccessible, unsafe and requires rectification. There is a concern in the community that the building should be retained, restored, and used to provide community benefits.

Community space and work hub outcomes:

- Provision of meeting spaces and other areas for community groups to request use of space.
- The provision of the proposed work hub will assist in addressing the lack of available flexible work spaces in the area.
- It is anticipated that there will be significant demand for the proposed retail/commercial space along with co-working spaces.
- The provision of community space will address the lack of modern, fit for purpose, well equipped (i.e. technologically supported) space for community groups to meet.

Civic Administration Centre outcomes:

- A new Civic Administration Centre that meets current building standards, including disabled access, and provides sufficient meeting rooms, team collaboration spaces, and breakout spaces (kitchenette and lunch area).

- The new centre will accommodate additional staff, enabling Council to provide better services to the community.
- Consolidation of staff into one building, improving work conditions and retention of staff.
- Reduced operating and maintenance costs by addressing compliance and condition issues present in the existing facility and reduced office space rent expenditure.
- Improved health outcomes for staff with better ventilation and the elimination of exposure to suspected hazardous materials and mould.
- Provision of new plant and equipment for staff.

## 2.4 Project Costs

Total project costs are estimated to be \$50.7 million (Table 2-1).

Table 2-1 Project Costs

	Total Cost (excl. GST)
Demolition	\$1,276,056
Administration Building	\$13,686,879
Library Building	\$8,144,003
Crago Mill	\$3,303,299
Commercial Building	\$6,530,865
Car Park	\$1,240,602
Landscaping	\$3,652,287
Other Items	\$2,247,771
<b>Construction Cost</b>	<b>\$40,081,761</b>
Contingency, Allowances, Headworks and Permits	\$4,503,062
Consultant Fees	\$4,065,800
<b>Construction Cost + Contingencies, Allowances, Etc.</b>	<b>\$48,650,622</b>
Escalation	\$2,001,837
<b>Total Construction Cost</b>	<b>\$50,652,459</b>

Source: Currie & Brown.

## 2.5 Project Delivery

The Precinct is expected to be delivered in two phases over a three year period:

- Phase 1 will occur in Year 1 of construction.
- Phase 2 will occur over Year 2 and Year 3 of construction.

Each phase includes two stages which takes into consideration the existing Administration building location is within the Precinct construction footprint and the need for uninterrupted Council operations.

Table 2-2 Crago Mill Precinct Development Phase Summary

Phase 1
<p><b>Stage 1: Administration Building</b></p> <ul style="list-style-type: none"> <li>• The existing administration centre continues to be operational.</li> <li>• The existing Council Chamber is to be demolished.</li> <li>• No changes to the car park on Comur Street.</li> <li>• The existing garage and mechanic workshop building is to be demolished.</li> <li>• Angled parking is to be constructed on Polding Street</li> <li>• New pedestrian pathway and associated landscaping construction.</li> <li>• The new Civic Administration Centre is to be constructed along with associated external works.</li> <li>• A new onsite car park is to be constructed along with associated landscaping.</li> <li>• Existing Winchcombe Carson produce store to be demolished.</li> </ul>
<p><b>Stage 2: Library and Crago Mill</b></p> <ul style="list-style-type: none"> <li>• The existing mill is to be renovated along with the construction of new access stairs, a lift, and a new podium to the east of the mill.</li> <li>• Angled parking on Polding Street is operational.</li> <li>• The existing right of way to Crago Street is to be renovated.</li> <li>• New library building and associated external works to be constructed.</li> <li>• Civic Administration Centre operational.</li> <li>• Library operational.</li> <li>• Onsite car parking operational.</li> </ul>
Phase 2
<p><b>Stage 3: Public Spaces</b></p> <ul style="list-style-type: none"> <li>• Crago Mill complete but not operational pending café fit out.</li> <li>• Existing Council administration building to be demolished.</li> <li>• Comur Street Works construction.</li> <li>• Construction of public square.</li> <li>• New angled parking along Comur Street.</li> </ul>
<p><b>Stage 4: Commercial Building</b></p> <ul style="list-style-type: none"> <li>• The footpath adjacent to the commercial building is to be renovated.</li> <li>• The commercial building and associated external works are to be constructed.</li> <li>• The Crago Mill is operational.</li> <li>• Public square is to be operational.</li> </ul>

Source: APP.

### 3. Scope of Economic Assessment

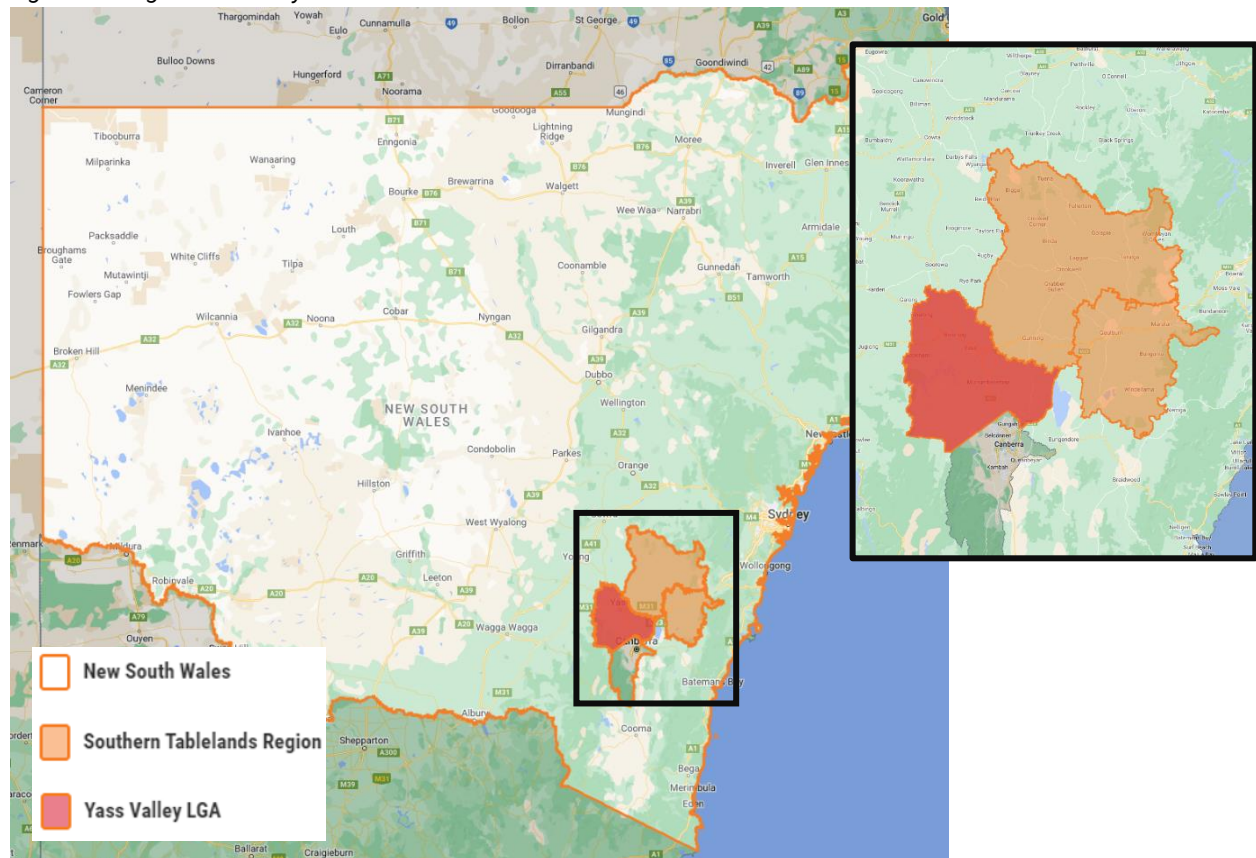
#### 3.1 Economic Impact Assessment

The economic impact assessment (EIA) in this report has been undertaken using REMPLAN – *regional economic modelling and analysis system*. The results of the EIA are considered to reflect the regional economic contribution of the project. The economic contribution of the project is determined by the direct impacts based on expenditure, revenue and employment assumptions which are outlined in the report and based on data provided to REMPLAN by Council.

The economic impacts of the Project have been applied to REMPLAN economic data for the defined regions of Yass Valley LGA, Southern Tablelands and New South Wales. The Southern Tablelands is the combined region of Yass Valley, Upper Lachlan Shire, and Goulburn Mulwaree LGAs.

The datasets reflective of these geographies incorporate data sourced from the ABS 2021 Census (Place of Work Employment Scaled), 2021/2022 ABS National Input / Output Tables, and ABS Gross State Product (June 2023).

Figure 3-1 Regions for Analysis



Source: REMPLAN MapBuilder: <https://remplan.co/3yy8p8h>

Economic impacts are reported in terms of Output (\$M), Value-added (\$M) and Employment (Jobs):

- Output data represents the gross revenue generated by businesses/organisations in each of the industry sectors in a defined region. Gross revenue is also referred to as total sales or total income.

- Value-Added data represents the marginal economic value that is added by each industry sector in a defined region. Value-Added by industry sector is the major element in the calculation of Gross Regional Product (and Gross State Product / Gross Domestic Product).
- Employment data represents the number of people employed by businesses / organisations in each of the industry sectors in a defined region. Employment data presented in this report is based on location of work, i.e., no inference is made as to where workers reside. This employment represents total numbers of employees without any conversions to full-time equivalent.

The impact results are described in terms of direct and indirect effects. The direct effect is the change in employment or output directly due to economic activity. For example, 200 construction jobs or \$11.0 million in expenditure.

The indirect effects are the flow-on supply chain and consumption effects due to the direct change. A supply chain effect is an increase in output (or jobs or value-added) generated by servicing industry sectors in response to the direct change in output and demand. As output increases, so too does employment and wages and salaries paid to local employees. Part of this additional income to households is used for consumption in the local economy which leads to further increases in demand and output. This is the consumption effect.

The flow-on impacts for the region's economy from a direct change are presented in terms of Output, Employment, and Value-Added economic multipliers. Economic multipliers are determined by the increase or decrease applied to that particular economic indicator (i.e., Output, Employment, or Value-Added). For example, an increase in Output will yield a particular Output multiplier, the jobs equivalent of that increase in Output will determine the Employment multiplier, and the Value-Added equivalent of that increase in Output will determine the Value-Added multiplier.

### **3.2 Cost Benefit Analysis**

A cost benefit analysis (CBA) and associated cost benefit ratios (CBR) are presented and have taken into consideration capital investment, operational costs and benefits associated with the Precinct.

Various discount rates are required and are applied to the project costs and benefits over the asset life to determine the Net Present Value (NPV), this converts future values into present values. This NPV approach is the standard method of valuing costs and benefits that occur at different times and assumes that a dollar today is worth more than a dollar tomorrow.

The CBA has been conducted over a 20-year period with costs and benefits presented at 4 per cent, 7 per cent and 10 per cent of the NPV. Government guidance around cost benefit analysis suggest use of 7 per cent as the central discount rate and sensitivity tests at 4 per cent and 10 per cent to test if the appraisal results are sensitive to the discount rate used in the analysis.

NPV and CBR are both presented in order to guide the investment decisions. Generally, a project with a higher CBR would be preferred. However, CBR tends to be biased towards projects with lower initial capital costs, so a CBR is best considered in conjunction with the NPV in making project decisions as the proposed project involves a significant upfront capital outlay.

## 4. Regional Economic Contribution

The EIA has been conducted on the marginal change to the local economy that is likely to arise should the project proceed. The results of the EIA are considered to reflect the economic contribution development of the Crago Mill Precinct will bring to the region during construction and operation.

- The construction phase impacts are considered short-term and limited to the period of construction only.
- The operational phase impacts are considered annual and ongoing while the facility remains in operation.

In order to estimate the likely flow-on impacts to the local regional economies in terms of output, employment and value-added the construction and operational phase impacts have been applied to the latest REMPLAN economic models of Yass Valley LGA, Southern Tablelands and NSW.

### 4.1 Construction Phase Impact

#### 4.1.1 Impact overview

Precinct development cost is estimated to be \$50.7 million with the construction activity expected to occur over a three-year period, as outlined in Table 4-1.

Table 4-1 Estimated project budget by year of construction

	Year 1	Year 2	Year 3
Consultant fees, headworks and permits	\$486,042	\$1,988,534	\$1,988,534
ESD, AV & ICT Allowances	\$0	\$0	\$1,049,518
Demolition	\$0	\$957,042	\$319,014
Administration Building	\$0	\$13,686,879	\$0
Library	\$0	\$8,144,003	\$0
Crago Mill	\$0	\$3,303,299	\$0
Commercial Building	\$0	\$0	\$6,530,865
Carpark	\$0	\$930,452	\$310,151
Landscaping	\$0	\$1,826,144	\$1,826,144
Utilities	\$0	\$1,123,886	\$1,123,886
Contingency and Escalation	\$53,920	\$3,545,549	\$1,458,602
<b>Total Construction Cost</b>	<b>\$539,962</b>	<b>\$35,505,787</b>	<b>\$14,606,713</b>

Construction expenditure is expected to be captured by a range of local construction sectors and professional services as detailed in Table 4-2. This breakdown of expenditure is considered to be the economic impact and is the basis for determining indirect economic effects across regional economies.

Table 4-2 Capital expenditure impact by industry sub-sector

Industry sub-sector	Year 1 Impact (\$M)	Year 2 Impact (\$M)	Year 3 Impact (\$M)
Professional, Scientific & Technical Services	\$0.5	\$2.2	\$3.4
Construction Services	\$0.0	\$4.3	\$3.6
Non-Residential Building Construction	\$0.0	\$27.9	\$7.3
Heavy & Civil Engineering Construction	\$0.0	\$1.0	\$0.3
<b>Total</b>	<b>\$0.5</b>	<b>\$35.5</b>	<b>\$14.6</b>

#### 4.1.2 Impact on Output (Gross Revenue)

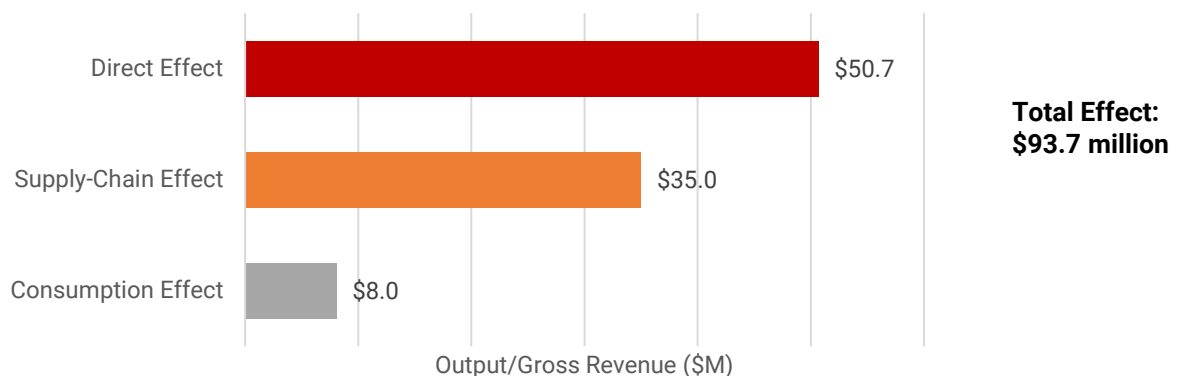
Total project expenditure of \$50.7 million will increase the demand for intermediate goods and services within Yass Valley LGA to the value of \$35.0 million. These supply chain effects include multiple rounds of flow-on effects, as servicing sectors increase their own output and demand for local goods and services in response to the direct change to the economy.

The increases in direct and indirect output would typically correspond to the creation of jobs in the economy. Corresponding to this change in employment would be an increase in the total of wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure will be captured within Yass Valley LGA. The consumption effects under this scenario are estimated at \$8.0 million.

Total output (gross revenue), including all direct, supply chain and consumption effects, is estimated to increase by up to \$93.7 million during construction of the Crago Mill Precinct.

This output impact represents a Type 2 Output multiplier of 1.849. That is, for every \$1.00 of direct expenditure during the construction phase, the economy of Yass Valley LGA is estimated to benefit by up to a further \$0.85 once flow-on supply chain and consumption effects are taken into consideration.

Figure 4-1 Construction Phase Impact on Output (\$M), Years 1-3, Yass Valley LGA



#### 4.1.3 Impact on Employment

Construction activity and expenditure peaks in Year 2, during which it is estimated expenditure that year will directly support up to 47 short-term local jobs. During construction, flow-on supply chain effects in



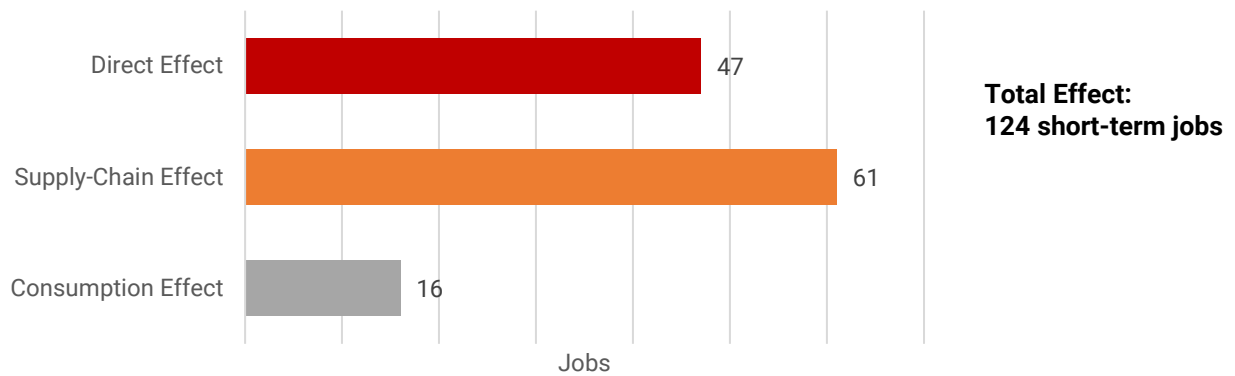
terms of local purchases of goods and services are anticipated and it is estimated that these indirect impacts would support a further 61 jobs in Yass Valley.

The direct and indirect output and employment in the economy is expected to support the payment of wages and salaries to local employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy of Yass Valley LGA. The consumption effects under this scenario are estimated to further support employment by 16 jobs.

Total employment, including all direct, supply chain and consumption effects is estimated to support up to 124 jobs.

This employment impact represents a Type 2 Employment multiplier of 2.638. That is, for every two jobs directly associated with the construction activity, an additional three jobs within Yass Valley are supported due to flow-on supply chain and consumption effects.

Figure 4-2 Construction Phase Impact on Employment (Jobs), Peak Activity Year 2, Yass Valley LGA



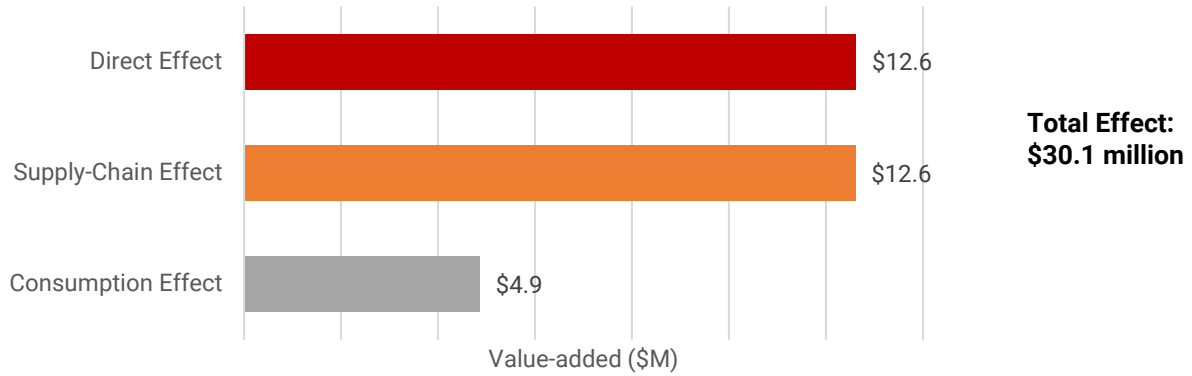
#### 4.1.4 Impact on Value-Added

From a direct increase in output of \$50.7 million in Yass Valley LGA, the corresponding increase in direct value-added over the construction phase is estimated at \$12.6 million. From this direct expansion in the economy, flow-on supply chain effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would support further value-added of \$12.6 million.

The direct and indirect output and the corresponding jobs in the economy are expected to support the payment of wages and salaries to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are expected to further support value-added by \$4.9 million.

Total value-added, including all direct, supply chain and consumption effects is estimated at up to \$30.1 million over the construction period.

Figure 4-3 Construction Phase Impact on Value-Added (\$M) Years 1-3, Yass Valley LGA



#### 4.1.5 Summary of Construction Phase Impacts

##### Yass Valley LGA

Construction of the Crago Mill Precinct and captured construction phase expenditure within Yass Valley LGA is expected to generate the following impacts during the construction period, inclusive of direct, supply chain and consumption effects:

- Output – Gross revenue of \$93.7 million.
- Employment – Supporting 124 short-term jobs at peak of activity in Year 2.
- Value-Added – \$30.1 million of value-added.

Table 4-3 Construction Phase Impact Summary, Years 1-3, Yass Valley LGA

	Direct Effect	Supply Chain Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$M)	\$50.7	\$35.0	\$8.0	\$93.7	1.849
Employment (Jobs) Peak – Year 2	47	61	16	124	2.638
Value-added (\$M)	\$12.6	\$12.6	\$4.9	\$30.1	2.384

##### Southern Tablelands Region

The total economic impact on Southern Tablelands, inclusive of the impact on Yass Valley and inclusive of direct, supply chain and consumption effects, is estimated to be:

- Output – Gross revenue of \$99.8 million.
- Employment – Supporting 134 short-term jobs, during the peak year of construction (Year 2).
- Value-Added – \$32.6 million of value-added.

This represents a Type 2 Output multiplier of 1.969. That is, for every \$1.00 of direct expenditure during the construction phase, the economy of Southern Tablelands will benefit by up to a further \$0.97 once flow-on supply chain and consumption effects are taken into consideration.

The employment impact represents a Type 2 Employment multiplier of 2.851. That is, for every job directly associated with the construction activity, an additional two jobs are supported in Southern Tablelands due to flow-on supply chain and consumption effects.

Table 4-4 Construction Phase Impact Summary, Years 1-3, Southern Tablelands

	Direct Effect	Supply Chain Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$M)	\$50.7	\$37.6	\$11.5	\$99.8	1.969
Employment (Jobs) Peak – Year 2	47	64	23	134	2.851
Value-added (\$M)	\$12.6	\$13.4	\$6.6	\$32.6	2.580

### New South Wales

The construction phase of the Project and associated construction expenditure is expected to have a direct and indirect impact on the State economy inclusive of the impacts on Southern Tablelands and Yass Valley LGA.

The estimated flow-on benefits for the State are higher than for the regional economies, reflecting the State's greater capacity to supply intermediate goods and services for the project and to service household consumption.

The total economic impact on NSW inclusive of direct, supply chain and consumption effects, is estimated to be:

- Output – Gross revenue of \$138.9 million.
- Employment – Supporting 188 short-term jobs, during the peak year of construction (Year 2).
- Value-Added – \$49.2 million of value-added.

This represents a Type 2 Output multiplier of 2.741. That is, for every \$1.00 of direct expenditure during the construction phase, the State economy will benefit by up to a further \$1.74 once flow-on supply chain and consumption effects are taken into consideration.

The employment impact represents a Type 2 Employment multiplier of 4.000. That is, for every job directly associated with the construction activity, an additional three jobs are supported in the State due to flow-on supply chain and consumption effects.

Table 4-5 Construction Phase Impact Summary, Years 1-3, New South Wales

	Direct Effect	Supply Chain Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$M)	\$50.7	\$57.7	\$30.5	\$138.9	2.741
Employment (Jobs) Peak – Year 2	47	89	52	188	4.000
Value-added (\$M)	\$12.6	\$21.0	\$15.6	\$49.2	3.901

## 4.2 Operation Phase Impact

### 4.2.1 Impact Overview

Once complete, the Precinct will generate local jobs and additional revenue for local businesses<sup>2</sup> as summarised in Table 4-6 below.

Jobs estimates are based on the following:

- Council estimates the ground floor café will require at least 6 employees.
- The existing Council administration building accommodates around 75 staff and is at full capacity. The proposed Administration building will allow Council to expand its workforce by around 30% to 97.
- The commercial office space has the capacity for 14 workers based on the average floor space required for a professional services employee<sup>3</sup>. REMPLAN has assumed the occupant of the office space is an existing business which doubles its employee base (i.e. 7 new employees) by relocating to the new tenancy.

The Work Hub co-working space within the commercial building will provide around 30 co-working spaces. The workers who utilise the co-working spaces will increase the purchasing of goods and services in the vicinity close to the Precinct (primarily retail, food and beverage). To estimate potential expenditure by users of the Work Hub, the following assumptions have been adopted:

- Co-working spaces are occupied at a rate of 80% (i.e. 24 spaces) by workers that would otherwise commute elsewhere for work.
- Work Hub co-working spaces are available 5 days a week for 50 weeks a year.
- Each co-worker spends an average of \$30 per day (\$20 for food and beverage, \$10 retail), expenditure that would otherwise occur outside of Yass Valley LGA.
- Annual expenditure by users of the co-working spaces is estimated at \$180,000 (\$120,000 food and beverage, \$60,000 retail).

These direct effects will support additional economic activity across various industries across Yass. The direct and indirect economic impacts of the operations phase are considered ongoing.

Table 4-6 Marginal Economic of Impact by industry sub-sector

Impact	Industry of impact	Value of impact	
		Jobs	Revenue
Food & beverage spend by users of the co-working space in close vicinity of Hub	Food & Beverage Services	-	\$120,000
Retail spend by users of the co-working space in close vicinity of Hub	Retail	-	\$60,000
Café staff	Food & Beverage Services	6	-
Council administration staff	Public Administration & Regulatory Services	22	-
Commercial tenancy occupant	Professional, Scientific & Technical Services	7	-

<sup>2</sup> Council have advised the new library will not require additional staff.

<sup>3</sup> NSW Department of Planning and Environment, 2023 CPAG Workspace Ratios - Guidance and Ranges.

### 4.2.2 Impact on Output (Gross Revenue)

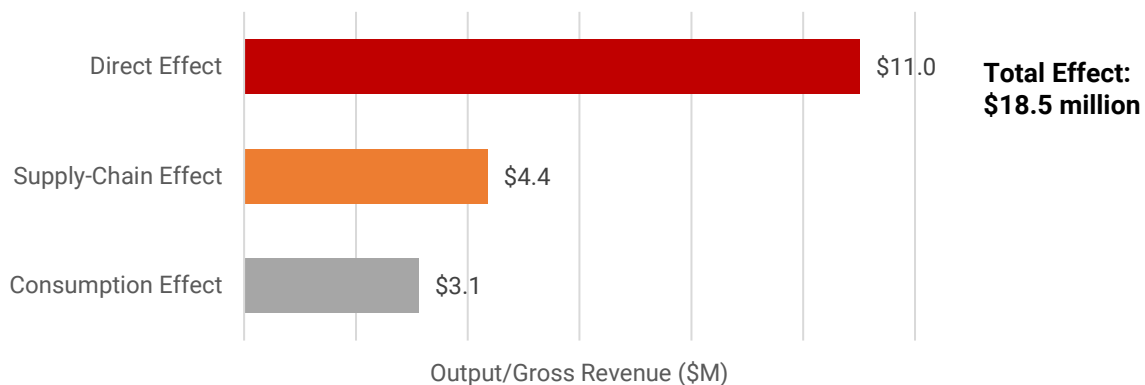
As outlined above once development is complete, the Precinct will support a range of operational impacts including additional employment and revenue for local businesses. This operational impact is the equivalent of an increase in output (gross revenue) of \$11.0 million, which would result in a rise in the demand for intermediate goods and services in the local economy to the value of \$4.4 million (the supply chain effect). These supply chain effects include multiple rounds of flow-on effects, as servicing sectors increase their own output and demand for local goods and services in response to the direct change to the economy.

The increases in direct and indirect output and would typically correspond to the creation of jobs in the local economy. Corresponding to this change in employment would be an increase in the total of wages and salaries paid to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is likely to be captured within the Yass Valley LGA. The annual consumption effects under this scenario are estimated at \$3.1 million.

Annual operations are estimated to increase total output (gross revenue) for Yass Valley LGA by \$18.5 million, including all direct, supply chain and consumption effects.

This output impact represents a Type 2 Output multiplier of 1.679. That is, for every \$1.00 of direct output generated by operations of the Crago Mill Precinct, the economy of Yass Valley LGA is estimated to benefit by up to a further \$0.68 once flow-on supply chain and consumption effects are taken into consideration.

Figure 4-4 Annual Operation Phase Impact on Output (\$M), Yass Valley LGA



### 4.2.3 Impact on Employment

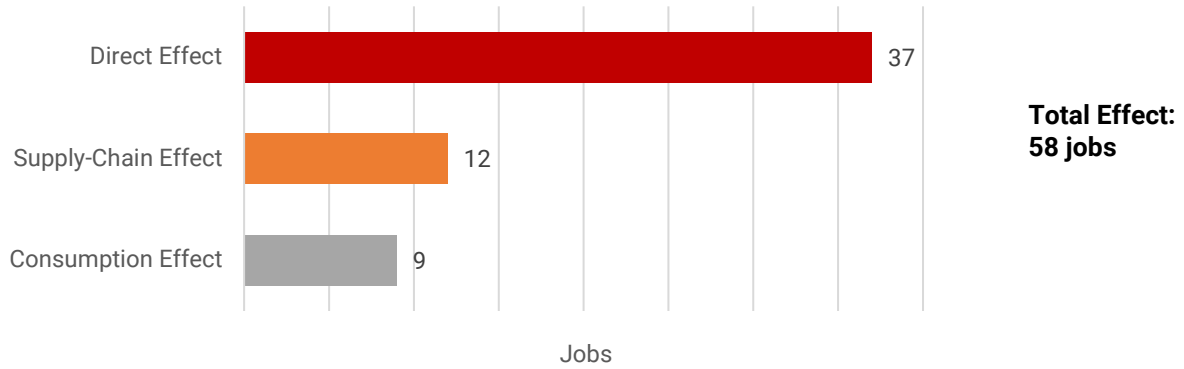
The operational impact will directly support up to 37 additional (ongoing) jobs (inclusive of the 35 jobs identified in Table 4-6 and 2 additional jobs directly supported by Work Hub user expenditure). This additional direct employment will have an expansionary effect on local economic activity inclusive of flow-on supply chain effects. The ongoing flow-on supply chain effects in terms of local purchases of goods and services are estimated to support a further 12 jobs.

The direct and indirect output and employment in the economy is expected to support the payment of wages and salaries to local employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured locally. The consumption effects under this scenario are estimated to support a further 9 jobs.

The total employment effect (including all direct, supply chain and consumption effects) is estimated to be 58 ongoing jobs.

This represents a Type 2 Employment multiplier of 1.568. That is, for every two jobs directly associated with operations, an additional job within Yass Valley LGA is supported due to flow-on supply chain and consumption effects.

Figure 4-5 Annual Operation Phase Impact on Employment (Jobs), Yass Valley LGA



#### 4.2.4 Impact on Value-Added

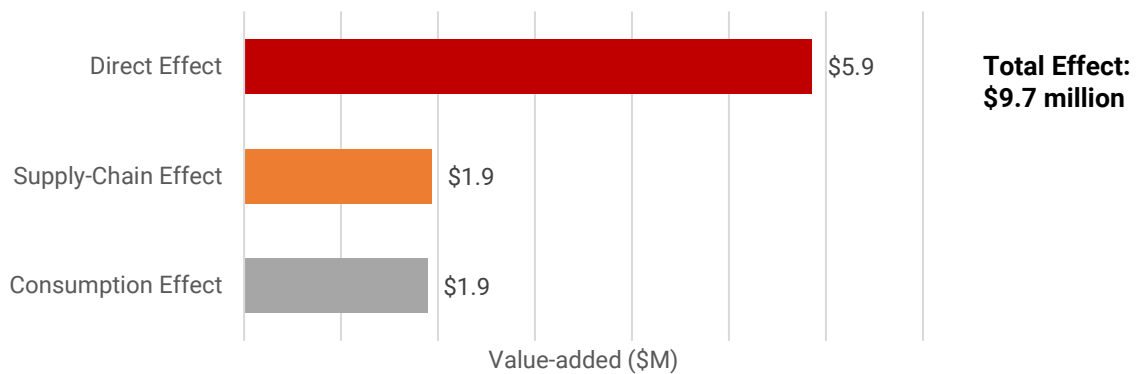
Value-added is the marginal economic value gained by an activity and directly contributes to growth in gross regional product (GRP).

Annual operations of the Crago Mill Precinct are estimated to directly generate \$5.9 million in value-added. From this direct expansion in the economy, flow-on supply chain effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would support further value-added of \$1.9 million.

The direct and indirect output and the corresponding jobs in the economy is expected to support the payment of wages and salaries to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are expected to further support value-added by \$1.9 million annually.

Total value-added, including all direct, supply chain and consumption effects, is estimated at up to \$9.7 million annually.

Figure 4-6 Annual Operation Phase Impact on Value-Added (\$M), Yass Valley LGA



#### 4.2.5 Summary of Operation Phase Impacts

Operations of the Crago Mill Precinct and the associated increase in local jobs and revenue is expected to generate the following annual impacts on the economy of Yass Valley LGA every year of operations, inclusive of direct, supply chain and consumption effects:

- Output – Gross revenue of \$18.5 million.
- Employment – Supporting 58 ongoing jobs.
- Value-Added – \$9.7 million of value-added.

Table 4-7 Annual Operation Phase Impact Summary, Yass Valley LGA

	Direct Effect	Supply Chain Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$M)	\$11.0	\$4.4	\$3.1	\$18.5	1.679
Employment (Jobs)	37	12	9	58	1.568
Value-added (\$M)	\$5.9	\$1.9	\$1.9	\$9.7	1.653

The total economic impact on Southern Tablelands, inclusive of direct, supply chain and consumption effects (and inclusive of effect on the LGA), is estimated to be:

- Output – Gross revenue of \$19.7 million.
- Employment – Supporting 61 ongoing jobs.
- Value-Added – \$10.2 million of value-added.

Table 4-8 Annual Operation Phase Impact Summary, Southern Tablelands

	Direct Effect	Supply Chain Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$M)	\$11.0	\$4.3	\$4.3	\$19.7	1.788
Employment (Jobs)	37	11	13	61	1.649
Value-added (\$M)	\$5.8	\$1.9	\$2.5	\$10.2	1.746

The total economic impact on NSW inclusive of direct, supply chain and consumption effects (and inclusive of effects on regional economies), is estimated to be:

- Output – Gross revenue of \$29.7 million.
- Employment – Supporting 83 ongoing jobs.
- Value-Added – \$14.9 million of value-added.

Table 4-9 Annual Operation Phase Impact Summary – New South Wales

	Direct Effect	Supply Chain Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$M)	\$11.0	\$8.0	\$10.6	\$29.7	2.691
Employment (Jobs)	37	19	27	83	2.243
Value-added (\$M)	\$5.9	\$3.6	\$5.4	\$14.9	2.537

## 5. Cost Benefit Analysis

### 5.1 Overview

A CBA has been prepared for the proposed Crago Mill Precinct undertaken on the marginal change in costs and benefits. All costs and benefits reflect the marginal change due to Precinct development and are measured in real terms<sup>4</sup>.

The CBA has been conducted over a 20-year period with NPV of costs and benefits presented at the various discount rates. A 7 per cent real discount rate has been applied, with rates of 4 per cent and 10 per cent applied for sensitivity testing. Applying a discount rate enables comparison of costs and benefits over a number of years, expressing all years in today's dollar value.

The cost assessment includes:

- Direct costs associated with construction.
- Increased maintenance and asset renewal costs.
- Increased operational expenses associated with local businesses servicing the expenditure of Work Hub users and management of the lease for café and commercial office space.

The benefits assessment includes:

- Income to Council due to lease of commercial spaces (café and office space).
- Economic benefit of associated with the marginal increase in employment.
- Increased economic activity captured in the local area due to the utilisation of the Work Hub coworker space at the Commercial Building.
- Travel time savings for workers utilising the coworker space.
- Value of library to new users.

### 5.2 Cost Assessment

The cost assessment has been conducted on data provided by Council and economic modelling undertaken by REMPLAN.

#### 5.2.1 Capital Costs

The total project cost for developing the Crago Mill Precinct is \$50.7 million, and it is anticipated to occur over Years 1, 2, and 3 of the analysis period.

#### 5.2.2 Operational Expense

The marginal increase in operational costs have been estimated to account for the additional operational expense associated with:

- servicing the expenditure of Work Hub users by local retail, food and beverage businesses, and
- management of the café and commercial office space lease.

*Retail, food and beverage businesses*

As outlined in Section 4.2.1:

<sup>4</sup> 'Real', as opposed to 'nominal', prices are based off a single point in time and do not include expected inflation in the forecasts of future costs and benefits.



- Occupants of the Work Hub are assumed to spend an average of \$30 per day (\$20 for food and beverage, \$10 retail).
- Co-working spaces are utilised at an average of 80% (i.e. 24 spaces).

The Work Hub will become fully operational in the year following completion of Precinct development. In the first year of Work Hub operations it is assumed the occupancy rate averages 20% and then increases over a three year period to the average rate of 80%.

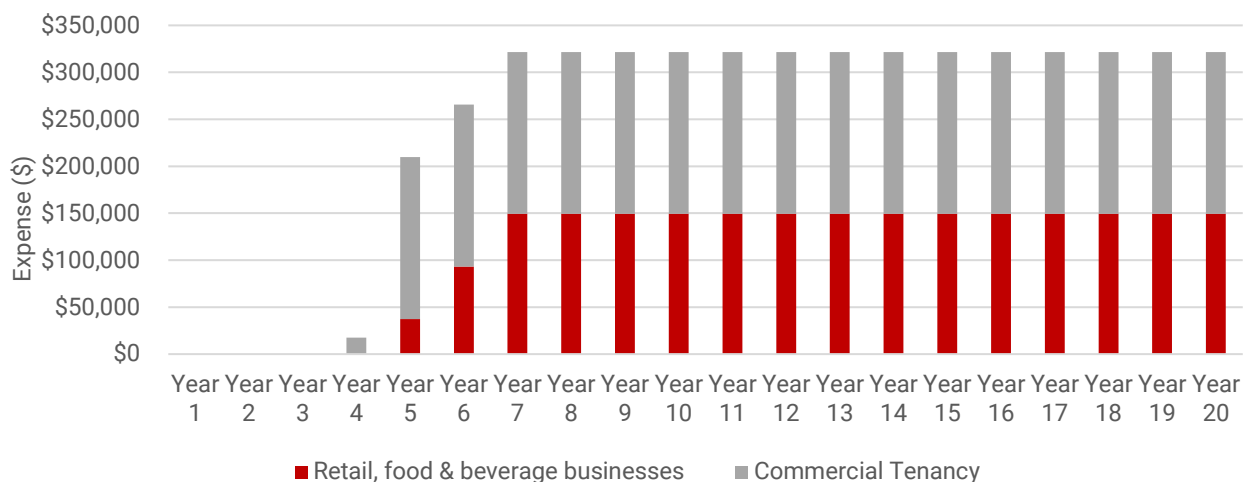
Annual operational expense have been estimated using REMPLAN’s estimates of the Yass Valley LGA economy. For every dollar of output generated by a retail business in Yass REMPLAN estimates 79 cents is considered an operational expense<sup>5</sup>, 85 cents for food and beverage services. These ratios of output to expense have been adopted to reflect the additional operational expense for those businesses servicing the demand created by the Work Hub users and their expenditure in local retail, food and beverage businesses.

*Commercial Tenancy Lease*

The revenue from the commercial lease associated with the commercial tenancy (office space) and the Crago Mill Café space is estimated to be \$278,000 per annum.

A measure of operational expense associated with management of the lease has been estimated using REMPLAN’s estimates for the Yass Valley LGA economy, for every dollar of revenue associated with property management in Yass REMPLAN estimates 62 cents is incurred as an expense.

Figure 5-1 Annual Operation Expense Estimates



**5.2.3 Maintenance and Asset Renewal Costs**

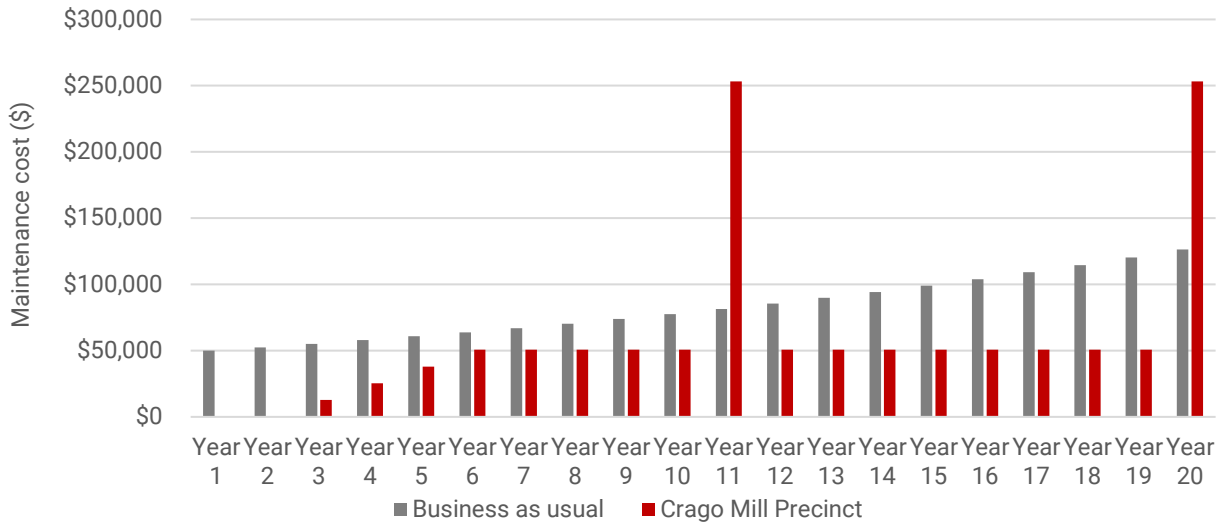
Maintenance costs for the existing site is assumed to be \$50,000, increasing at a rate of 5% per annum to reflect the continued deterioration of the site and built assets over the longer term.

The projected annual maintenance costs associated with the Precinct once fully developed is assumed to be 0.1% of construction cost (\$51,000 per annum).

<sup>5</sup> Output less taxes and gross operating surplus.

Investment into asset renewal of the Precinct is assumed to occur 10 and 20 years post development. The cost of asset renewal is assumed to be 0.5% of Precinct construction cost (\$253,000).

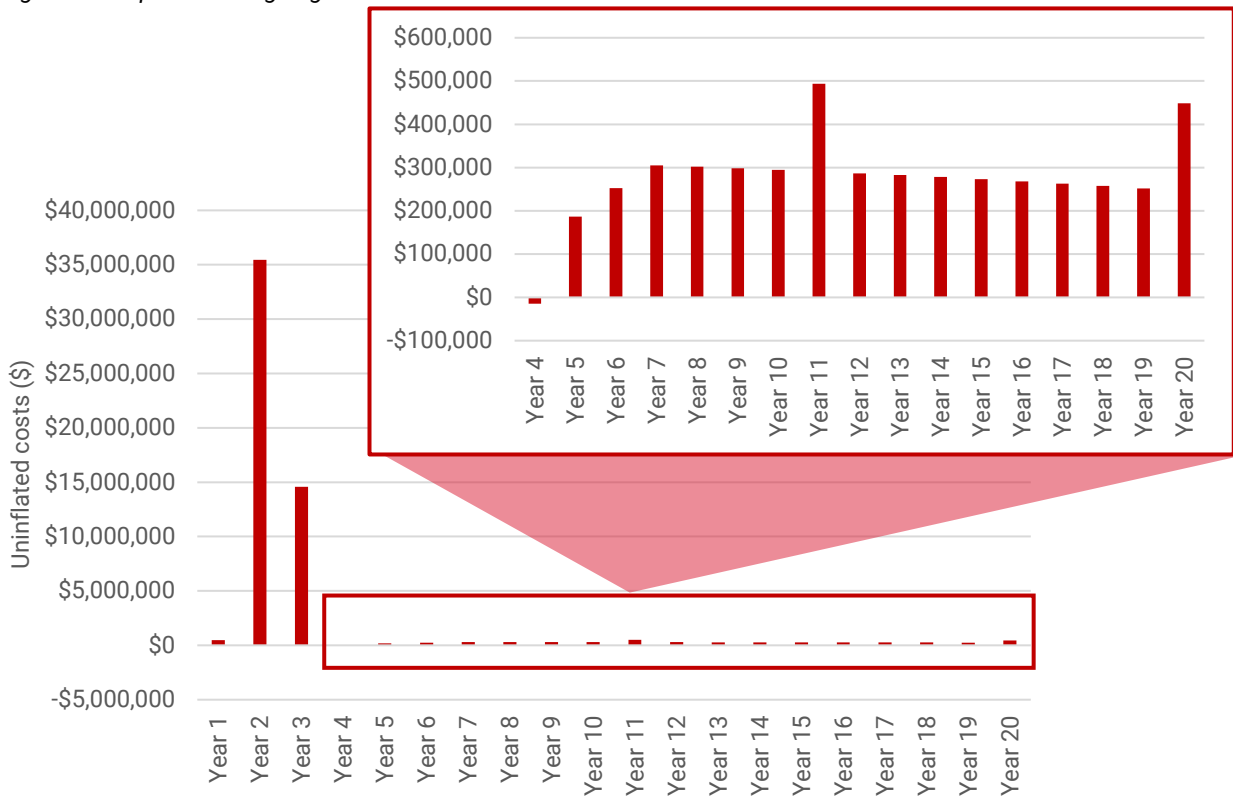
Figure 5-2 Annual Maintenance and Asset Renewal Cost Estimates



### 5.2.4 Costs Summary

Construction costs associated with project development totalling \$50.7 million will be incurred over Years 1, 2 and 3, following which ongoing costs will be incurred annually over the analysis period. The marginal change in those costs is illustrated in Figure 5-3.

Figure 5-3 Capital and Ongoing Costs



### 5.3 Benefits Assessment

The benefits assessment has been conducted on data provided by Council and economic modelling undertaken by REMPLAN.

#### 5.3.1 Operational Income

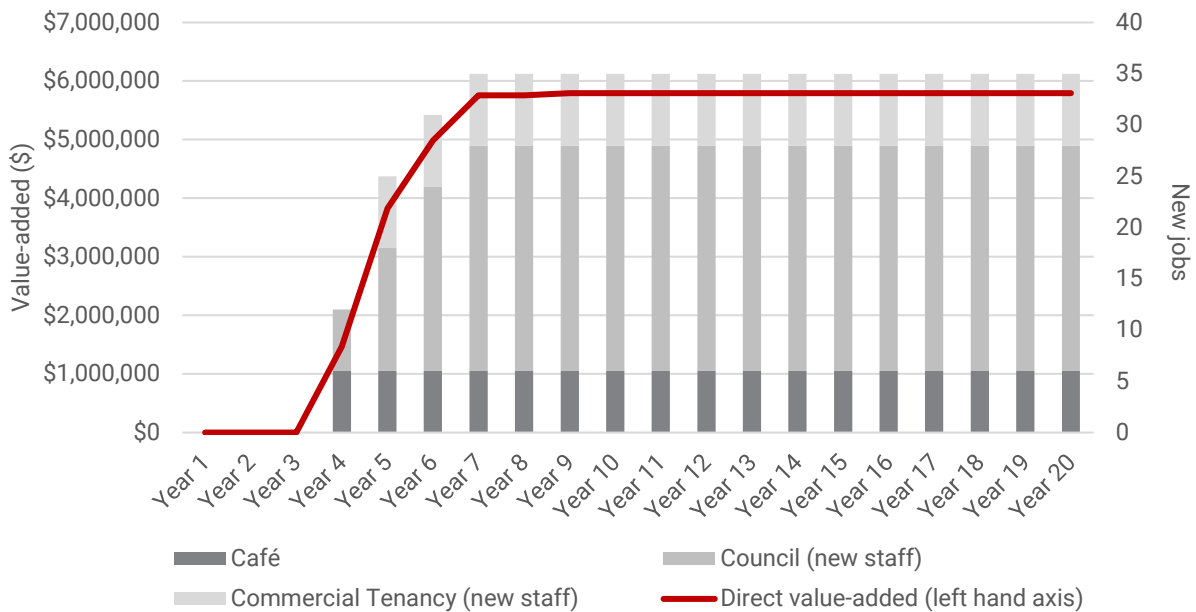
Council will benefit from an additional income stream due to the commercial lease of the Crago Mill Café space and commercial office space. The commercial lease estimates for the café space and the office space are estimated to \$28,500 and \$250,000 per annum. This has been adopted as the marginal change in operational income for the project.

#### 5.3.2 Employment Benefit

As described in Section 4.2, development of the Precinct creates additional onsite employment, namely the 6 café staff, 7 new staff for the local business assumed to be relocating to the commercial building office tenancy and the additional 22 Council staff able to be employed due to expanded size of the administration building. The growth in Council staff is likely to be incremental with an additional 6 employees each year following Precinct completion (to a maximum cumulative total of 22 new staff).

Value-added is a key contributor to growth in GRP. Direct value-added has been adopted as a measure of the marginal economic value created locally by the additional employment enabled by the Precinct.

Figure 5-4 New jobs and the marginal economic value generated



#### 5.3.3 Work Hub User Expenditure

As outlined above in Section 4.2.1, users of the co working spaces will spend money locally that may otherwise have been spent outside of Yass. The expenditure of these Work Hub users is estimated to total \$180,000, assuming:

- Occupants of the Work Hub are assumed to spend an average of \$30 per day (\$20 for food and beverage, \$10 retail).
- Co-working spaces are utilised at an average of 80% (i.e. 24 spaces).

Once operational it has been assumed occupancy of the Work Hub averages 20% and then increases over a three year period to the average rate of 80%. Therefore Work Hub user expenditure increases accordingly.

#### **5.3.4 Travel Time Saving**

The average occupancy of the Work Hub co work spaces is 80% or 24 desks. Assuming half (i.e. 12) of the workers utilising the Work Hub, would otherwise commute outside of Yass Valley LGA then each of these workers save 1.5 hours commute each day they work from the Work Hub.

12 workers saving 1.5 hours commute each day equates to 4,600 hours saved per annum.

Adopting the Australian Transport Assessment and Planning approach to the value of an hours travel time<sup>6</sup> yields an annual travel time saving value of \$327,266.

#### **5.3.5 Value to Library User**

##### *Economic value per user*

Library visitors include members and non-members, both benefiting in some way from the free access to resources, information technology, programs, activities and community information. The Library Council of New South Wales undertook research in 2008 to understand the value of public libraries across the State<sup>7</sup>. The report attempted to value the economic benefit of libraries to library users, focussing on tangible benefits where library use was a lower cost option than alternative services such as:

- Borrowing rather than purchasing printed materials.
- Borrowing rather than purchasing or renting audio-visual materials.
- Accessing reference materials rather than purchasing.
- Accessing personal computers and the Internet rather than purchasing or visiting an Internet café.
- Reduced need for paid legal advice through access to Legal Information Access Centre.
- Attendance at library programs.

Based on the Library Council Report, a per capita economic value of \$88.28 (value reported inflated to 2023 prices) was determined and has been applied to the number of Yass Library users to estimate the value of the service.

##### *Yass Library Visitors*

Library visitation data shows patronage has not fully recovered since the COVID-19 Pandemic. However, the last two years have seen a significant increase in the rate of visitation (Table 5-1).

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<sup>6</sup> [https://www.atap.gov.au/sites/default/files/pv2\\_road\\_parameter\\_values.pdf](https://www.atap.gov.au/sites/default/files/pv2_road_parameter_values.pdf)

<sup>7</sup> J.L. Management Services Pty Ltd for the Library Council of New South Wales, *Enriching communities: the value of public libraries in New South Wales*.

Table 5-1 Yass Library Annual Patronage

	Annual visits	Members
2017-18	52,563	5,663
2018-19	54,860	6,086
2019-20	39,636	6,414
2020-21 <sup>a</sup>	26,638	31,949
2021-22	30,393	5,363
2022-23	41,547	4,103

Note: a) High rate of membership in 2020-21 as a result of social distancing measures related to the COVID-19 Pandemic.

Source: Yass Valley Council.

For the purpose of this analysis annual visits of 41,547 and membership of 4,103 has been adopted for as the business as usual rate of patronage.

Should the development proceed, and Yass Library expand its services, it is expected membership will increase to around 7,680, with annual visitation likely to double. This rapid increase in patronage reflects the improved location of the new library, improved accessibility, expanded services and programs, provision of activities for younger residents, improved amenity and appeal to a wider range of community members and visitors.

#### Economic Value to Yass Library Users

The number of annual visits includes frequent visits by members and non-members. Council provided details on the estimated frequency of annual visits by members, which are used as a basis to extrapolate non-member visitors from the total rate of visitation. The methodology to determine the number of individual users and, therefore the net benefit to those users is outlined in Table 5-2.

Table 5-2 Yass Library New User Economic Value Methodology

	Business As Usual	With Project	Marginal Change
Annual visits (members + non-members)	41,547	100,884	59,337
Members	4,103	7,680	3,577
Annual visits per member	3.7	4.8 <sup>a</sup>	-
Total annual visits by members	15,181	36,863	21,681
Total annual visits by non-members	26,366	64,021	37,655
Annual visits per non-member	1.5	2	
Non-members	17,577	32,011	37,655
Users (members + non-members)	21,680	39,690	14,433
Net benefit per users	\$85	\$85	-
<b>Total user benefit</b>	<b>\$1,842,800</b>	<b>\$3,373,650</b>	<b>\$1,530,850</b>

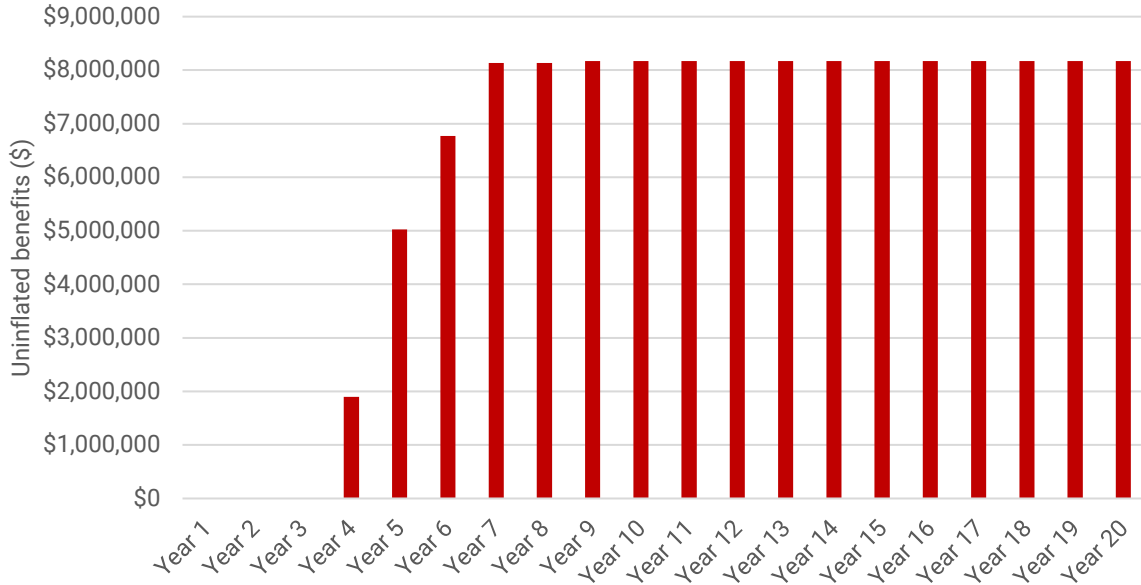
Notes: a) National standard rate of visitation.

Source: Yass Valley Council, REMPLAN, Guidelines, Standards and Outcome Measures for Australian Public Libraries, July 2016, Library Council of New South Wales, Enriching communities: the value of public libraries in New South Wales.

### 5.3.6 Project Benefits Summary

Total uninflated benefits over the 20-year analysis period are presented in Figure 5-5.

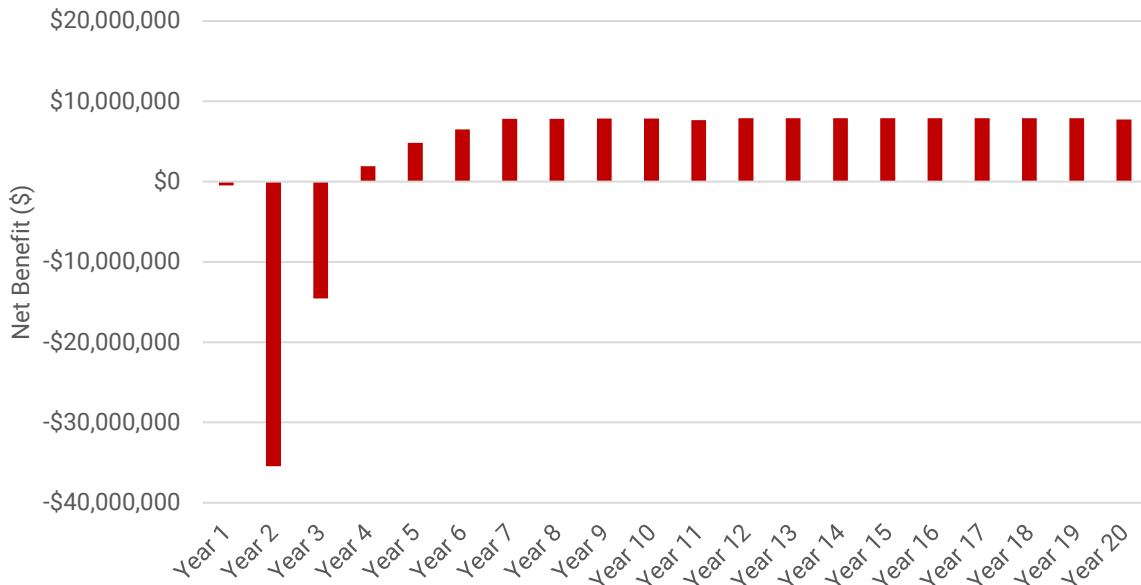
Figure 5-5 Annual Project Total Benefits



### 5.3.7 Project Net Benefit

The project’s annual net benefit is presented in Figure 5-6 reflecting the difference between annual estimated costs and benefits.

Figure 5-6 Annual Project Net Benefit



## 5.4 Cost Benefit Ratio

A CBR demonstrates the relationship between the relative costs and benefits of a project. Various discount rates have been applied to the costs and benefits over the life of the project to determine the NPV, i.e., converting the future values into present values. Under the CBA framework, the ratios of costs to benefits in NPV terms is presented (NPV being the current value of projected cash flows).

NPV and CBR are both presented in order to guide the investment decisions. Generally, a project with a higher CBR would be preferred. However, CBR tends to be biased towards projects with lower initial capital costs, so a CBR is best considered in conjunction with the NPV of net benefits in making project decisions.

The NPV of the costs and benefits associated with the project have been calculated at the discount rates of 4 per cent, 7 per cent and 10 per cent.

The key decision making criteria with a CBA are:

- If a project has a positive NPV the project should be accepted as the present value of the stream of economic benefits exceeds the present value of the stream of economic costs.
- If a project has a CBR of greater than 1.0, the project is expected to deliver a positive net present value.

Under a 7 per cent discount rate, the ratio of costs to benefits associated with the marginal change brought by the Crago Mill Precinct is 1.00 to 1.26. Therefore, it is estimated that for every dollar of cost over a 20-year period there is an economic benefit likely to be delivered valued at \$1.26.

The Precinct's net benefit (i.e., NPV) over the 20-year analysis period is estimated to be \$12.5 million.

Table 5-3 Cost Benefit Analysis Summary

	Real Discount Rate % p.a.		
	4%	7%	10%
Project Costs - Net Present Value	\$51,075,517	\$48,581,578	\$46,446,220
Project Benefits - Net Present Value	\$82,412,031	\$61,098,249	\$46,387,845
<b>Project Net Present Value</b>	<b>\$31,336,513</b>	<b>\$12,516,672</b>	<b>-\$58,375</b>
<b>Cost Benefit Ratio</b>	<b>1.00 : 1.61</b>	<b>1.00 : 1.26</b>	<b>1.00 : 1.00</b>

## 6. Summary

REMPPLAN economic modelling has determined the proposed Crago Mill Precinct will deliver significant economic benefit to the economies of Yass Valley City LGA, Southern Tablelands and New South Wales.

At a construction cost of approximately \$50.7 million, it is estimated the project will generate up to \$43.0 million in additional gross revenue and 124 short-term jobs in Yass Valley LGA, inclusive of direct, supply-chain and consumption effects. For New South Wales this benefit increases to \$88.2 million in additional gross revenue and up to 188 short-term jobs, reflective of the State's greater capacity to supply intermediate goods and services for the project and to service household consumption.

Once developed, the Precinct will support new local jobs and additional revenue for local businesses. The additional economic activity will have an expansionary effect on the local economy including boosting flow-on supply chain and consumption activity. The total employment effect supported by the Precinct activities is estimated at 58 jobs within Yass Valley LGA. The total value-added effect is \$9.7 million, this is the marginal economic value gained in the local economy, and an annual contribution to GRP for Yass Valley LGA.

The CBA assessed costs and benefits accruing over the serviceable life of the development (20 years) with the resulting CBR demonstrating the relationship between the relative costs and benefits of the project.

The CBA determined the project has a **net present value of \$12.5 million**, and under a 7 per cent discount rate returns a ratio of costs to benefits of 1.00 to 1.26, that is for **every dollar of cost associated with the construction, maintenance and operations of the Precinct, there is an economic benefit likely to be delivered valued at up to \$1.26.**



## Appendix A. Detailed Cost Benefit Analysis

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
<b>Net Benefit</b>	<b>-\$489,962</b>	<b>-\$35,453,287</b>	<b>-\$14,564,251</b>	<b>\$1,910,155</b>	<b>\$4,840,398</b>	<b>\$6,520,743</b>	<b>\$7,827,813</b>	<b>\$7,831,163</b>	<b>\$7,869,681</b>	<b>\$7,873,375</b>
<b>COSTS</b>										
Capital Costs	\$539,962	\$35,505,787	\$14,606,713	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance and asset renewal costs	-\$50,000	-\$52,500	-\$42,462	-\$32,555	-\$22,786	-\$13,162	-\$16,352	-\$19,703	-\$23,220	-\$26,914
Operational expense	\$0	\$0	\$0	\$17,670	\$209,652	\$265,677	\$321,702	\$321,702	\$321,702	\$321,702
<b>Total Uninflated Capital and Operational Costs</b>	<b>\$489,962</b>	<b>\$35,453,287</b>	<b>\$14,564,251</b>	<b>-\$14,885</b>	<b>\$186,866</b>	<b>\$252,516</b>	<b>\$305,350</b>	<b>\$302,000</b>	<b>\$298,482</b>	<b>\$294,788</b>
<b>BENEFITS</b>										
Operational Income	\$0	\$0	\$0	\$28,500	\$277,907	\$277,907	\$277,907	\$277,907	\$277,907	\$277,907
Employment benefit	\$0	\$0	\$0	\$1,469,273	\$3,827,545	\$4,985,818	\$5,758,000	\$5,758,000	\$5,793,000	\$5,793,000
Work Hub users expenditure	\$0	\$0	\$0	\$0	\$45,000	\$112,500	\$180,000	\$180,000	\$180,000	\$180,000
Work Hub users travel time saving	\$0	\$0	\$0	\$0	\$81,816	\$204,541	\$327,266	\$327,266	\$327,266	\$327,266
New library user benefit	\$0	\$0	\$0	\$397,498	\$794,995	\$1,192,493	\$1,589,990	\$1,589,990	\$1,589,990	\$1,589,990
<b>Total Uninflated Benefits</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,895,270</b>	<b>\$5,027,264</b>	<b>\$6,773,259</b>	<b>\$8,133,163</b>	<b>\$8,133,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>

	Year 11	Year 12	Year 13	Year 14	Year 15	Year 16	Year 17	Year 18	Year 19	Year 20
<b>Net Benefit</b>	<b>\$7,674,643</b>	<b>\$7,881,325</b>	<b>\$7,885,601</b>	<b>\$7,890,091</b>	<b>\$7,894,805</b>	<b>\$7,899,755</b>	<b>\$7,904,952</b>	<b>\$7,910,409</b>	<b>\$7,916,139</b>	<b>\$7,719,546</b>
<b>COSTS</b>										
Capital Costs	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Maintenance and asset renewal costs	\$171,818	-\$34,865	-\$39,140	-\$43,630	-\$48,344	-\$53,294	-\$58,491	-\$63,948	-\$69,679	\$126,915
Operational expense	\$321,702	\$321,702	\$321,702	\$321,702	\$321,702	\$321,702	\$321,702	\$321,702	\$321,702	\$321,702
<b>Total Uninflated Capital and Operational Costs</b>	<b>\$493,520</b>	<b>\$286,838</b>	<b>\$282,562</b>	<b>\$278,072</b>	<b>\$273,358</b>	<b>\$268,408</b>	<b>\$263,211</b>	<b>\$257,754</b>	<b>\$252,024</b>	<b>\$448,617</b>
<b>BENEFITS</b>										
Operational Income	\$277,907	\$277,907	\$277,907	\$277,907	\$277,907	\$277,907	\$277,907	\$277,907	\$277,907	\$277,907
Employment benefit	\$5,793,000	\$5,793,000	\$5,793,000	\$5,793,000	\$5,793,000	\$5,793,000	\$5,793,000	\$5,793,000	\$5,793,000	\$5,793,000
Work Hub users expenditure	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000	\$180,000
Work Hub users travel time saving	\$327,266	\$327,266	\$327,266	\$327,266	\$327,266	\$327,266	\$327,266	\$327,266	\$327,266	\$327,266
New library user benefit	\$1,589,990	\$1,589,990	\$1,589,990	\$1,589,990	\$1,589,990	\$1,589,990	\$1,589,990	\$1,589,990	\$1,589,990	\$1,589,990
<b>Total Uninflated Benefits</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>	<b>\$8,168,163</b>