



# PENRITH CITY COUNCIL

## Economic Impacts of COVID-19 on Penrith City

July 2022





Disclaimer: While every effort has been taken to make sure the information in this document at the time of publication is current and accurate, information is constantly changing, particularly as Covid 19 infections continue to affect the community. Information may become out of date or inaccurate. In circumstances where loss, damage or injury is possible, please ensure you have accurate data. Council denies liability for any loss, damage or injury resulting from any person relying on information obtained by or through this document. Copyright of materials in this publication resides with Council unless otherwise stated. Apart from any use permitted under the Copyright Act 1968, no part of such content may be reproduced, modified, adapted, published, or used in any way for any commercial purpose whatsoever.

# CONTENTS

---

Executive Summary	<b>4</b>
1. What was the magnitude and nature of the COVID-19 related impacts in 2020	<b>10</b>
1.1 COVID-19 overview	<b>11</b>
1.2 Immediate impacts on the City of Penrith economy	<b>12</b>
1.3 Other economic indicators	<b>17</b>
2. What did recovery look like?	<b>22</b>
2.1 Recovery overview	<b>23</b>
2.2 The City of Penrith economic recovery from COVID-19	<b>24</b>
2.3 Recovery of precincts	<b>32</b>
2.4 Other economic indicators during the recovery	<b>36</b>
3. Recent impacts	<b>44</b>
3.1 Recent impacts overview	<b>45</b>
3.2 Recent impacts on the City of Penrith economy	<b>46</b>
3.3 Other recent economic indicators	<b>55</b>
4. Trends, challenges and opportunities for the City of Penrith	<b>62</b>
4.1 Trends evolving over recent decades and in the next few decades	<b>63</b>
4.2 Key industry outlooks	<b>70</b>

## ACKNOWLEDGEMENT

Penrith City Council values the important contribution by all stakeholders in developing the Covid 19 Analysis, Impacts, Recovery and Forward Trends. First and foremost, Council would like to acknowledge consultants from ID Consulting Pty Ltd who assisted in the development of the analysis.

# EXECUTIVE SUMMARY

---

## Introduction

The City of Penrith encompasses a large region with residential, rural and commercial activities at the western fringe of the Sydney metropolitan area. The region has been growing at or above the Greater Metro average over the last decade, however like many areas the economy was substantially impacted by government enacted restrictions to curb the spread of COVID-19 in 2020 and the outbreak of the Delta variant in 2021.

This report provides an economic analysis of the likely impacts of COVID-19 on the City of Penrith economy. The analysis in this report identifies the immediate impacts of COVID-19 on the local economy; the recovery from the immediate impacts of COVID-19; and the impacts of the lock-down from June 2021.

## Immediate impact of COVID-19 on Penrith's economy was high

### LARGE INITIAL JOB IMPACTS AS PENRITH'S INDUSTRY MIX IS MORE EXPOSED TO COVID-19

The outbreak of COVID-19 had a significant initial impact on Penrith's economy. Estimated \$224m and 7,131 jobs were lost in June Quarter 2020. These impacts were higher than Greater Sydney and the state averages as Penrith has a high share of Hospitality and Retail industries. The impacts fell disproportionately on these industries due to social distancing measures.

### PRECINCTS WITH A LARGE HOSPITALITY SECTOR HIT HARD

Large impacts on Hospitality and Retail industries meant the significant jobs fall in precincts with a high share of these industries. Penrith CBD lost the greatest number of jobs (2,214 jobs) and the River Link precinct lost the highest share of jobs

(23% of total jobs). In terms of economic value, precincts with a high share of Manufacturing and Transport industries were also hit hard as these industries contribute a large share of the total economic value generated in Penrith.

### RESIDENTS WERE HIT HARD, AND SOME AREAS WERE SIGNIFICANTLY MORE AFFECTED THAN OTHERS

The share of residents on JobSeeker payments increased sharply from 4.8% in March 2020 to 9.2% in June 2020. The residents in Penrith and St Marys-North St Marys were significantly more affected with residents on JobSeeker payments increasing by around 6%, almost twice more than the areas like Mulgoa-Luddenham-Orchard Hills and Glenmore Park-Regentville.

### NON-RESIDENTIAL BUILDING APPROVALS REBOUNDED IN JUNE 2020

Non-Residential building approvals dipped from March to May 2020 but rebounded strongly in June 2020. The June Quarter 2020 average building approvals value was higher than the March Quarter value.

## The economic recovery was on the way

### GROSS REGIONAL PRODUCT (GRP) AND JOBS REBOUNDED QUICKLY

GRP and Jobs in Penrith started recovery from September Quarter 2020. GRP increased by 6.9% and jobs by 6.8% over the period from June 2020 to June 2021. This growth was higher than the Greater Sydney average. By June Quarter 2021, GRP and jobs were around 1.5% below the pre COVID-19 March Quarter 2020 level.

### RECOVERY IN INDUSTRIES AND PRECINCTS HIT HARD BY THE IMMEDIATE IMPACTS

By June Quarter 2021, Value Added in many industries increased above the pre COVID-19 level. The hardest hit industries, such as hospitality, retail, transport and manufacturing industries, rebounded strongly. Recovery in jobs lagged and remained below pre COVID-19 level. This highlights businesses are finding difficulties hiring new workers and rather investing in capital or machineries to drive productivity. However, industries affected by social distance measures, such as Education and Administrative and Support Services, are still well below the pre COVID-19 level and needs support recovery.

Similarly, precincts hit hard experienced a strong recovery. However, many precincts were still below the pre COVID-19 level as the industries with the largest recovery were concentrated on a few precincts. Also, continued deterioration in education and construction industries meant activities in precincts over-weight on these industries further decreased.

### RESIDENT JOBS CONDITION IMPROVING BUT REMAINS WEAK

The economic and jobs recovery improved the resident's jobs condition. The share of residents on JobSeeker payments decreased sharply from 9.2% in May 2020 to 6.4% in June 2021. The unemployment rate decreased from 6% in September 2020 to 5.2% in June 2021. However, part of the reason for the improvement in the unemployment rate was due to residents leaving the jobs market.

### THE RECOVERY HAS DECREASED THE SHARE OF BUSINESSES SUPPORTED BY JOBKEEPER

The improvement in economic conditions has lowered the share of businesses accessing JobKeeper payments in Penrith. Around 18% of businesses applied for JobKeeper in December Quarter 2020 and 13% in March Quarter 2021. This was 2-3% lower than the Greater Sydney average.



## The COVID-19 Delta outbreak has delayed the recovery

### THE PAYROLL JOBS DROPPED TO THE LOWEST LEVEL SINCE THE OUTBREAK OF COVID-19

Despite a strong recovery in July 2020, payroll jobs are now back below the pre COVID-19 level. The peak to trough decrease of 10% in July and August 2021 was steeper than that experienced in March and April 2020 (-7%). In October, the payroll jobs remain around 4% below the pre COVID-19 level.

### THE LATEST OMRICON LOCKDOWN IN NOVEMBER HAD A SIGNIFICANT IMPACT ON JOBS, ESPECIALLY FEMALE AND YOUTH WORKERS

The deterioration in jobs condition has decreased the labour force participation rate in Sydney – Outer West and Blue Mountains from 70% in May 2021 to 67% in October 2021. Retail, hospitality, construction and labour jobs were most impacted by the recent restrictions in the SA4 (Statistical Areas Level 4).

The impacts fell disproportionately on female and youth workers. The participation rate decreased from, respectively, 66% and 72% in May 2021 to 60% and 62% in October 2021. These decreases are around 2.5 times higher for female workers and 3.6 times higher for youth workers. Moreover, more female workers made redundant are exiting the labour force.

### LARGE MISMATCH IN VACANT JOBS AND UNEMPLOYED WORKERS

Since the outbreak of COVID-19, many workers exited the jobs market because they have given up looking for a job. However, businesses are experiencing more difficulties filling vacant jobs, especially in ICT, Retail and Hospitality industries. This suggests there is a large mismatch in the vacant jobs available and jobs unemployed workers are looking for. Further support is required to close this gap.

### IMPACTS ON PENRITH'S RESIDENTS FELL OVER TIME

The share of residents on JobSeeker payments increased slightly in July and August 2021 compared to June 2021. Moreover, the share decreased in October 2021 to 6.3%, 0.1% lower than the rate in June 2021. In most areas in Penrith the proportion of residents on Job Seeker payments was lower in October than June.

### SIGNS OF RECOVERY IN RETAIL, HOSPITALITY AND CONSTRUCTION ACTIVITIES

Visits to retail and hospitality venues in Penrith quickly recovered above the pre COVID-19 baseline in October 2021. The support from the local and the state government helped recovery in retail, hospitality and entertainment industries. For example, Dine & Discover NSW vouchers helped support 84 Jobs in Penrith (or 17 jobs for every \$1M of vouchers) over the period from 11 February 2021 to 15 February 2022. The Non-Residential building approvals value increased significantly in August and September following an initial dip in July 2021.

## Penrith's economy is facing macroeconomic headwinds

The recent COVID-19 Omicron outbreak (November 2021) has further delayed the economic recovery. However, Penrith's economy will face further challenges from changing macroeconomic conditions.

### **HIGHER INPUT COSTS AND A SHORTAGE OF WORKERS WILL SLOWDOWN RECOVERY**

In the short term, Penrith's businesses will face an increase in input costs due to disruptions in supply-chain and inflation, decreasing the profit margin. Also, businesses are expected to continue to face difficulties finding workers while the borders remain shut. These will present major challenges to the business recovery once the current outbreak diminish.

### **LOWER AUSTRALIAN DOLLAR WILL BOOST EXPORT INDUSTRIES BUT IMPACT THE TRANSPORT SECTOR**

In the medium term, a lower Australian dollar will benefit export industries, such as agribusiness and manufacturing. Transport and logistics industries will continue to benefit from the elevated demand, but lower Australian dollar will increase fuel costs, reducing profitability.

### **HIGHER INTEREST RATE WILL LOWER HOUSEHOLD SPENDING, IMPACTING RETAIL, HOSPITALITY AND ENTERTAINMENT INDUSTRIES ALREADY AT RISK**

The government increased the Official Cash Rates from May 2022 to fight the high inflation rate. This will continue to have a negative impact on household discretionary spending. Especially, Retail, Hospitality and Arts and Recreation industries, hardest hit by the Omicron outbreak, will be impacted most as the demand for non-essential goods and services decreases.



## COVID-19 will present new and accelerate long term challenges and opportunities

The future trajectory of the City of Penrith's economy will be influenced by several regional, national, and global trends that drives change in the environment in which the City is located. These trends present both challenges and opportunities to the City of Penrith's potential future growth. The key challenges and opportunities include:

### CHALLENGES

- Construction material supply constraints may impact many small trade-based businesses in the short term.
- Health/aged care growth may contribute to lower productivity going forward unless higher value services are focused on.
- Substantial job deficit in knowledge-based business service industries due to wage differential with Central Business District and lack of larger commercial enterprises.
- The Western Sydney Airport development may generate substantial new commercial and industrial land supply that could draw businesses and/or investment away from existing precincts.
- New technology may increase automation which places lower skilled working residents at risk of job losses.

### OPPORTUNITIES

- Amazon's arrival can be leveraged for market exposure to attract investment and to support small business connections to its massive supply chain needs.
- Population ageing and new health and aged care facilities will help further growth in the Healthcare industry.
- Intensifying development of employment hubs across the region such as The Quarter have the potential to attract new businesses and/or inner metro relocations as well as tapping into benefits from agglomeration spillovers.
- Continued revitalisation projects such as Soper Place will attract commercial investment from white collar industry areas and diversify economy.
- An increase in remote working for white collar office-based employees may keep skilled residents in the region supporting local retail and providing incentives for new coworking facilities.
- Australia's road freight task expected to continue to grow substantially supporting Penrith's transport specialisation.



**JANUARY 2020** - First patients test Positive to COVID in NSW

**MARCH 2020** - NSW joins Australia in Lockdown #1

**MAY-JUNE 2020** - Lockdown #1 Over Restrictions progressively eased in NSW


**DEC 2020** - Northern Beaches Cluster emerges - region placed into lockdown over Christmas


**JUNE 2021** - Outbreak of Delta variant sends whole of Sydney into Lockdown #2


**OCTOBER 2021** - High vaccination rates leads to end of Sydney Lockdown #2


**JANUARY 2022** - Omicron variant sees a surge of cases causing falls in consumer demand and mass distribution to supply chains


**THE DROP - June Qtr, 2020**

 **\$224M fall**  
in value added


 **7,131 less**  
local jobs

 **-9% or -2,214 jobs**  
Penrith CBD


 **-2,456 jobs**  
accommodation and food


 **+6,235**  
Residents accessing JobSeeker assistance

**THE RECOVERY - Year to June, 2021**


 **6.9% Increase**  
in GRP June '21 vs June '20


**5.2% Unemployed**  
Below pre-COVID levels but ~ 2,000 have left the labour force

 **Still 1.5% below**  
pre-COVID levels


 **Construction and Education**  
industries holding growth back


**THE RELAPSE - Sept Qtr, 2021**

 **Jobs 7% below**  
pre-COVID levels in July-Aug '21

 **Almost 40% fall**  
in workplace trips in July '21

**THE UNCERTAINTY**

 **Workplace trips 6% lower and retail trips 2% lower in Jan '22 than Jan '21**

 **Xmas bounce back**  
Payroll jobs at or above pre-COVID levels in December

# 1. WHAT WAS THE MAGNITUDE AND NATURE OF THE COVID-19 RELATED IMPACTS IN 2020

---

## Introduction

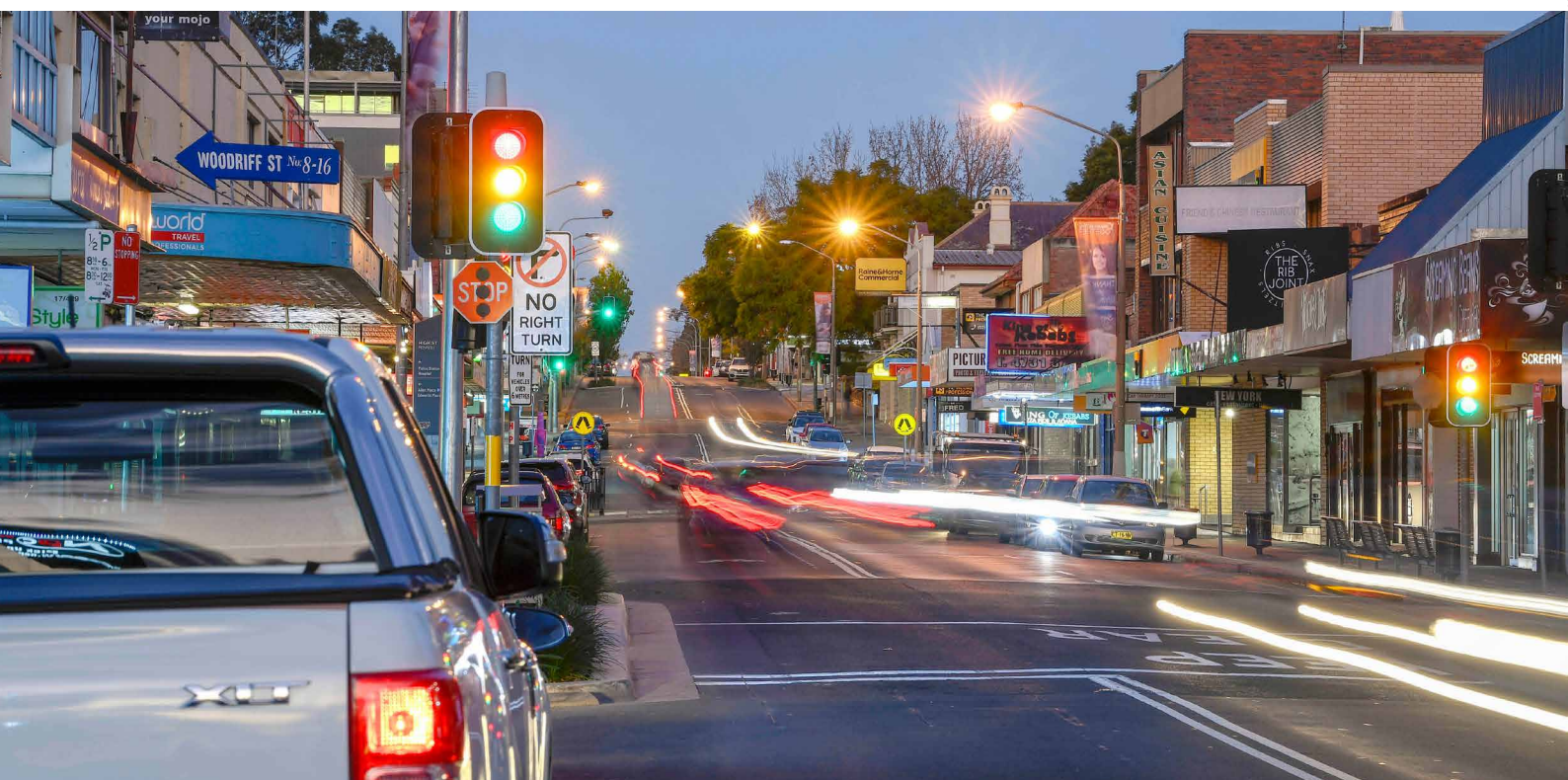
The City of Penrith economy, like elsewhere in Australia, was impacted substantially by the number of restrictions enacted to combat the spread of the COVID-19 pandemic. This section will provide an overview of the major impacts resulting from the large-scale restrictions implemented in the second quarter 2020. Despite occurring over a year ago, many of the impacts and policies implemented are having longer term effects and reflect, to a lesser extent, the impacts of the current lockdown.

**This chapter is split into the following sections:**

1.1 COVID-19 Overview

1.2 Immediate impacts on the City of Penrith economy

1.3 Other economic indicators



# 1.1

## Impacts from COVID-19

### STATE AND NATIONAL IMPACTS

In March 2020, the Commonwealth and State Governments launched unprecedented public-health and economic responses to combat the growing pandemic threat.

Along with international passenger and trade restrictions, social distancing measures implemented towards the end of March had the greatest impact on employment and economic growth outcomes going forward.

Social distancing and 'isolation' was introduced to reduce the infection rate, slow deaths and ensure hospitals maintain sufficient ICU bed capacity to deal with COVID-19 cases as well as normal emergency medical demand. The alternative option of limited social restrictions ran the risk of potentially overrunning ICU units leading to thousands of deaths (as experienced in some countries overseas) and the need for an even larger 'lock down' at a later stage.

The largest negative impacts for the State and National economies occurred in the second quarter of 2020 (final quarter 2019/20 FY) as rigid social distancing measures were maintained for months.

Following this, falling infections lead to eased restrictions but waves of infections forced the reintroduction of stricter measures. However, economic activity was less severely impacted because the measures became more effective in containing the virus relative to the cost to economic activity.

However, it should be noted that actual results are entirely uncertain, given the fact there is no historical event comparable with what is currently occurring.

### ECONOMIC POLICY RESPONSES

A number of responses were enacted by government to address the likely negative impacts of the social distancing policies.

- Reserve Bank of Australia (RBA) – reduced interest rates (official and quantitative easing) and demand side
- Wage subsidy – boost cash flow for businesses
- Increases in working age and non-working age social security benefits
- Loan guarantee for small and medium businesses.
- Jobkeeper payment scheme – businesses effectively playing a Centrelink role. But fine print impacted effectiveness – e.g. Australian citizen and casual employee >12 months
- Childcare payments

The majority of these measures, especially stimulus spending, helped address worker incomes but had limited impact on Gross Product due to the fact that most employees were at home and effectively not producing goods and services.

# 1.2

## Immediate impacts on the City of Penrith economy

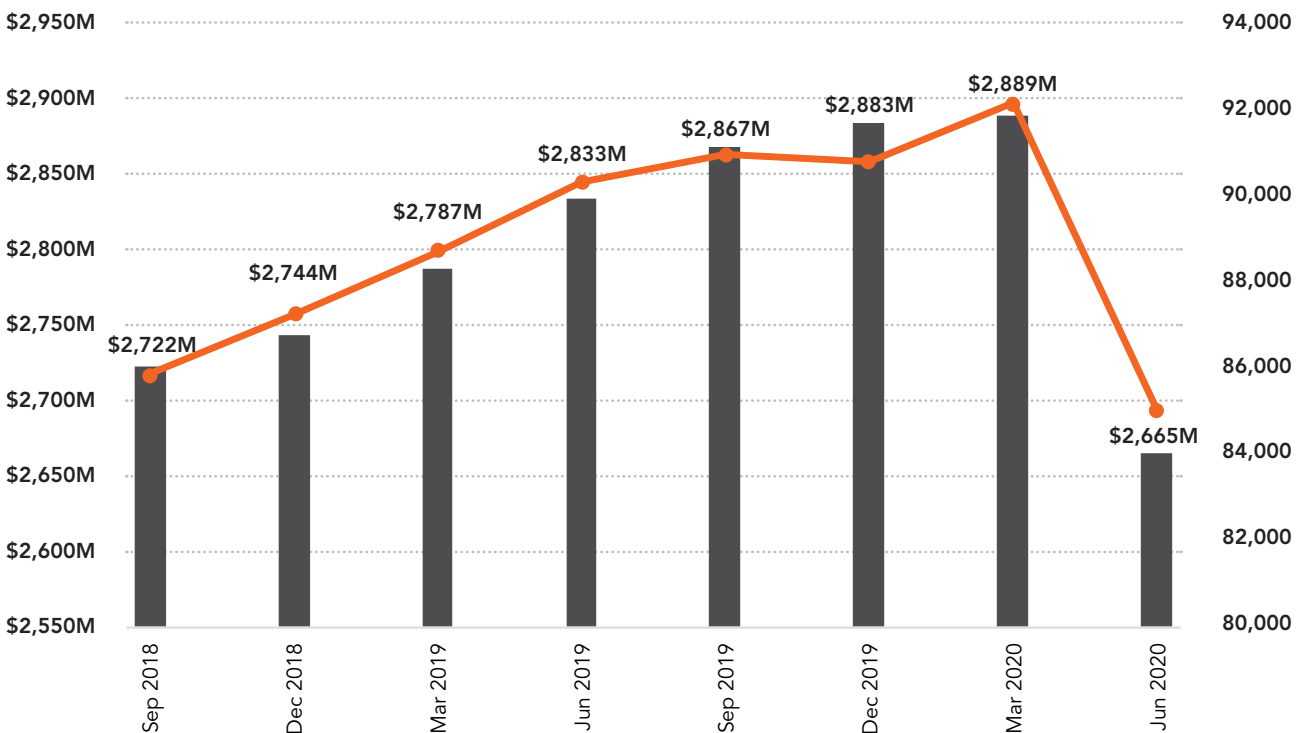
IMMEDIATE IMPACT OF COVID-19 ON PENRITH'S ECONOMY WAS HIGHER AS ITS INDUSTRY MIX IS MORE EXPOSED TO COVID-19 IMPACTS – A HIGH SHARE OF POPULATION SERVING INDUSTRIES

The outbreak of COVID-19 had a significant impact on the City of Penrith economy. The June Quarter 2020, saw an estimated \$224m fall in quarterly GRP and 7,131 jobs were lost in Penrith.

### Quarterly GRP and Jobs - Penrith

**GRP \$M**

(bar graph left axis), Local jobs (line graph right axis)

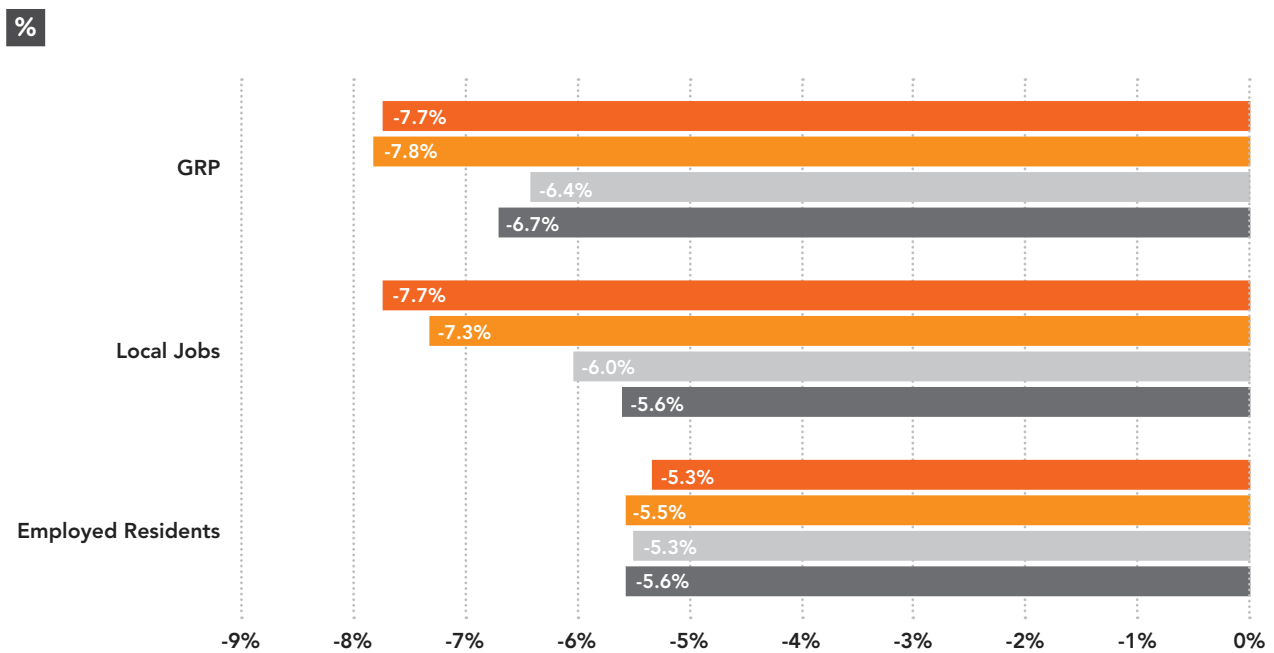


Source: NIEIR, 2021

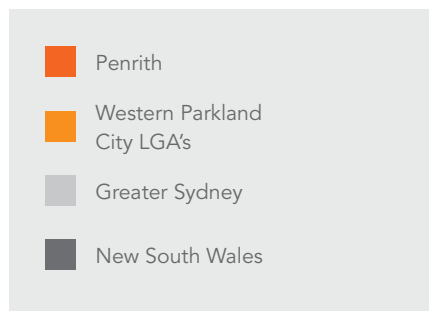
The City of Penrith experienced an estimated 7.7% fall in GRP in the June Quarter 2020, greater than the Greater Sydney average (-6.4%). Local jobs fell by the same rate (7.7%), higher than the

Western Parkland City LGAs average of 7.3% and the Greater Sydney average of 6.0%. Employed resident jobs were less impacted, dropping by 5.3%, lower than other benchmark areas.

## March 2020 to June 2020 Change - Penrith



Source: NIEIR, 2021



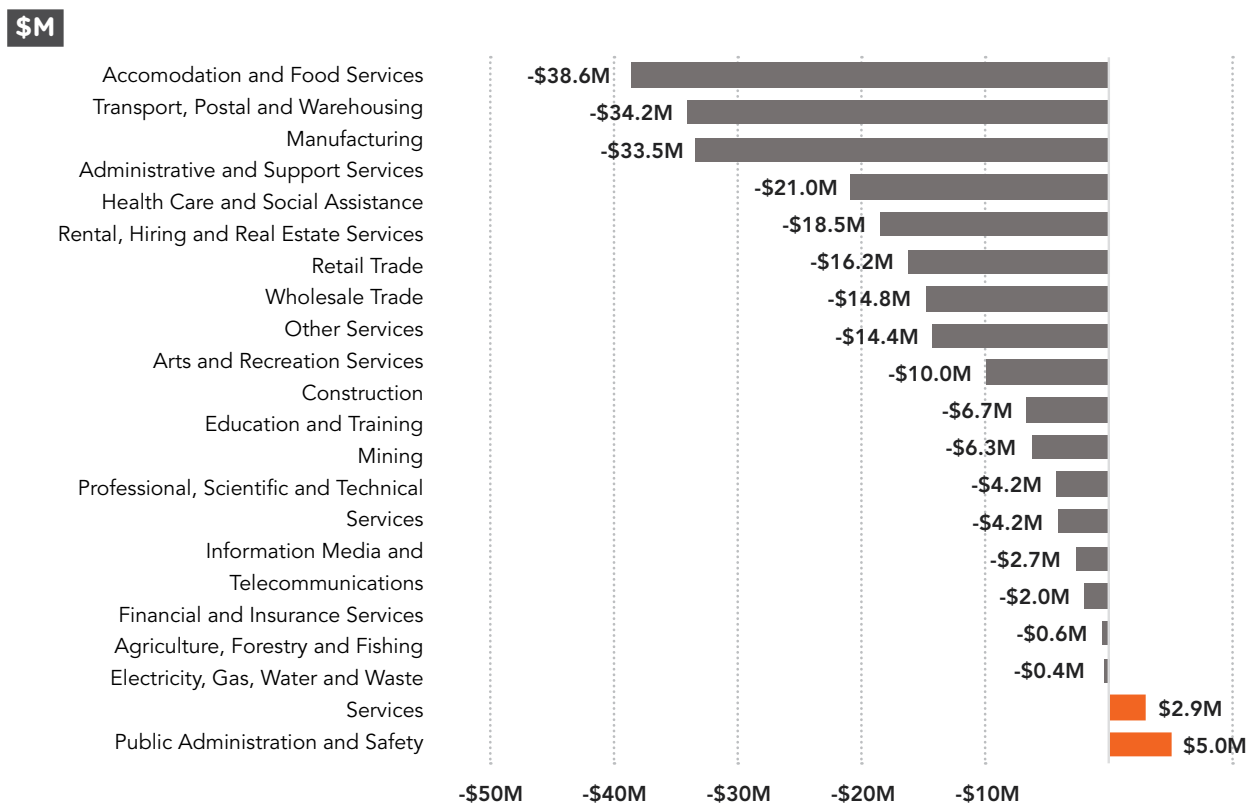
Source: NIEIR, 2021

## DISPROPORTIONATE IMPACTS ON RETAIL, HOSPITALITY AND ENTERTAINMENT INDUSTRIES DUE TO SOCIAL DISTANCING MEASURES

The economic impact of COVID-19 varied significantly across industries. In terms of value added, the main industries impacted in the June Quarter 2020 were Accommodation and

Food Services, followed by large non-essential household serving industries in Penrith, Transport, Postal and Warehousing and Manufacturing.

## March 2020 to June 2020 Change, Value Added - Penrith



Source: NIEIR, 2021

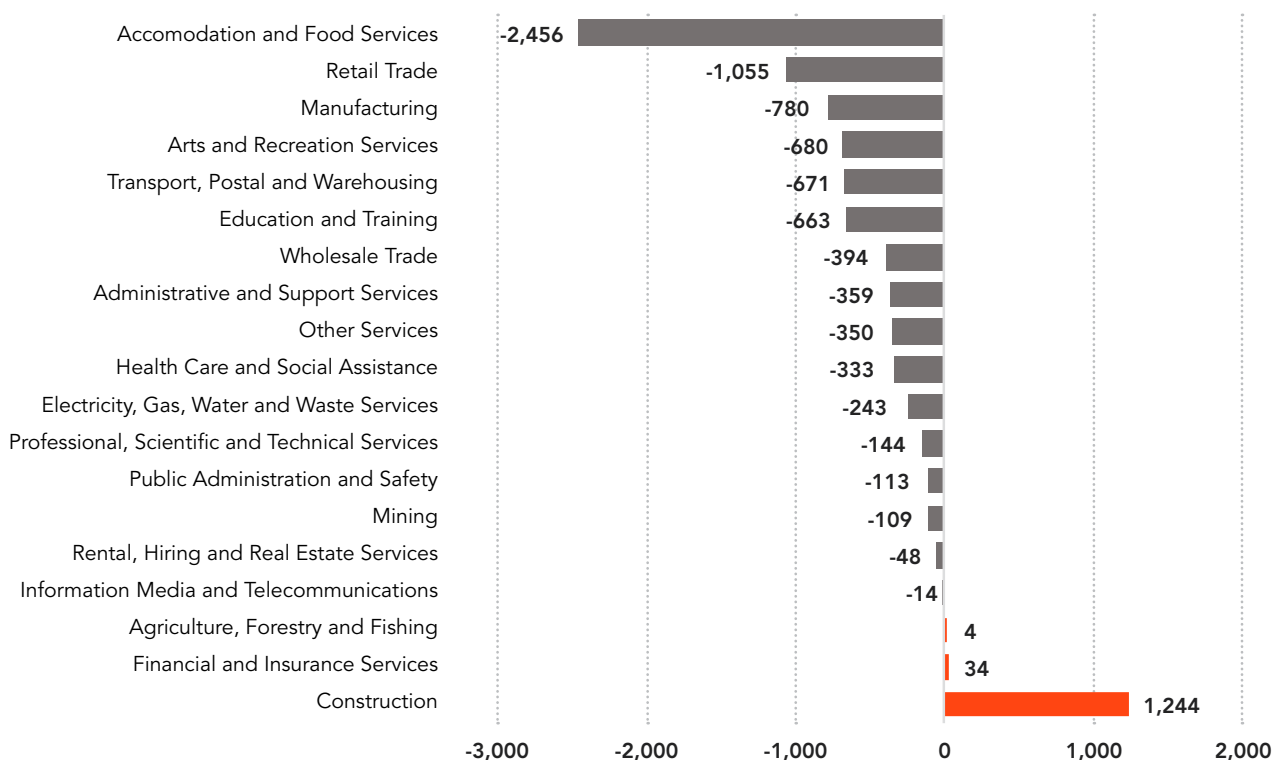
Source: NIEIR, 2021

In terms of jobs, the main industries impacted in the June Quarter 2020 were Accommodation and Food Services, and Retail trade industries. Jobs in Arts and Recreation Services industry were

disproportionally affected, losing 45% of jobs in the June Quarter 2020 compared to the March Quarter 2020.

## March 2020 to June 2020 Change, Local Jobs - Penrith

### Number of Jobs

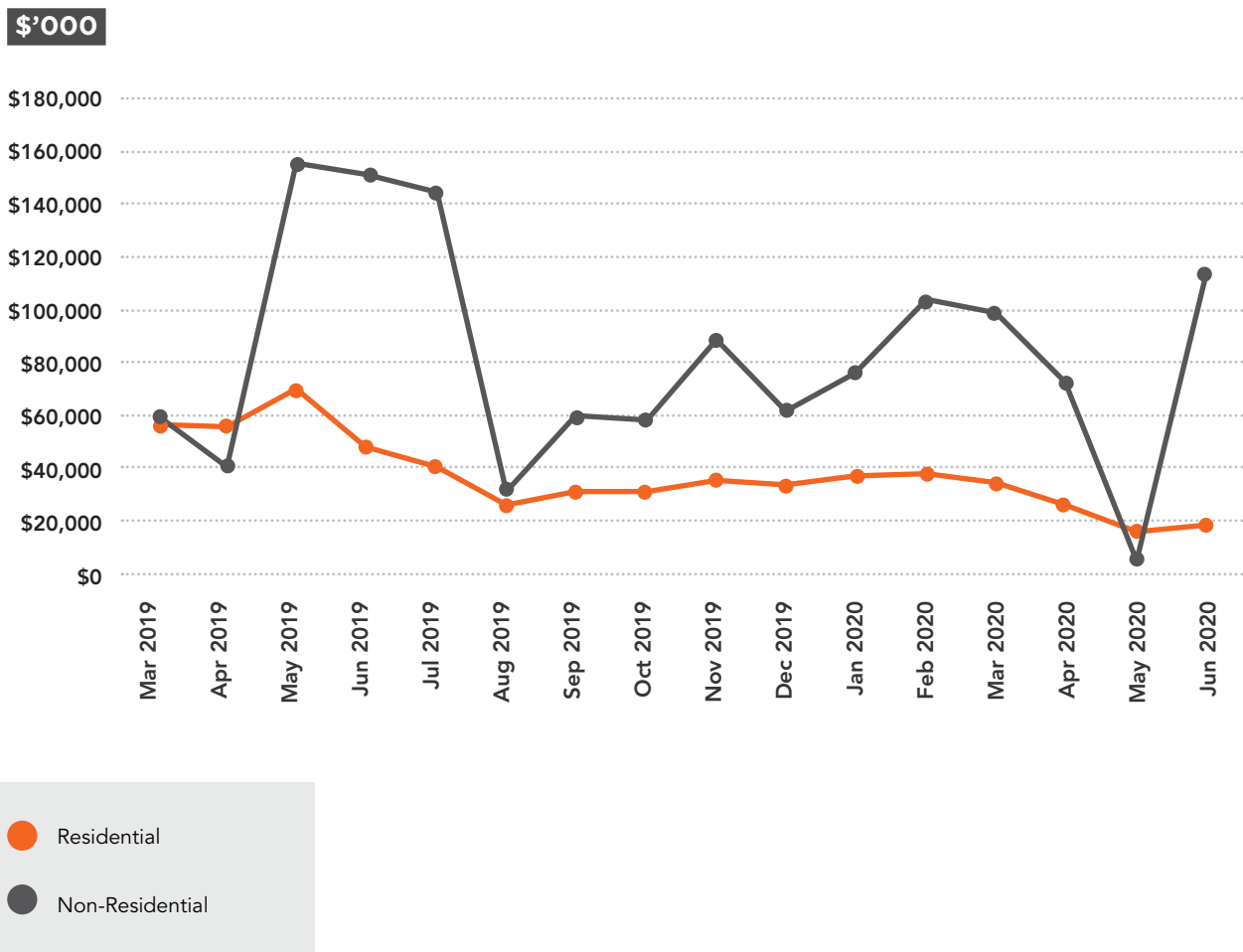


Source: NIEIR, 2021

## NON-RESIDENTIAL BUILDING APPROVALS RECOVERED STRONGLY IN JUNE 2020 DUE TO AMAZON WAREHOUSE APPROVALS, BUT RESIDENTIAL APPROVALS REMAINED LOW

Non-Residential building approvals rebounded strongly in June 2020 following the steep fall from March 2020 to May 2020. This was driven by \$320 million Amazon warehouse approved in June 2020 (part of total \$500 million investment). Residential building approvals decreased following the COVID-19 outbreak. In June 2020, Residential approvals were almost half the Pre COVID-19 level.

### Monthly Value of Building Approvals - Penrith



Source: ABS Building Approvals, 2021



# 1.3

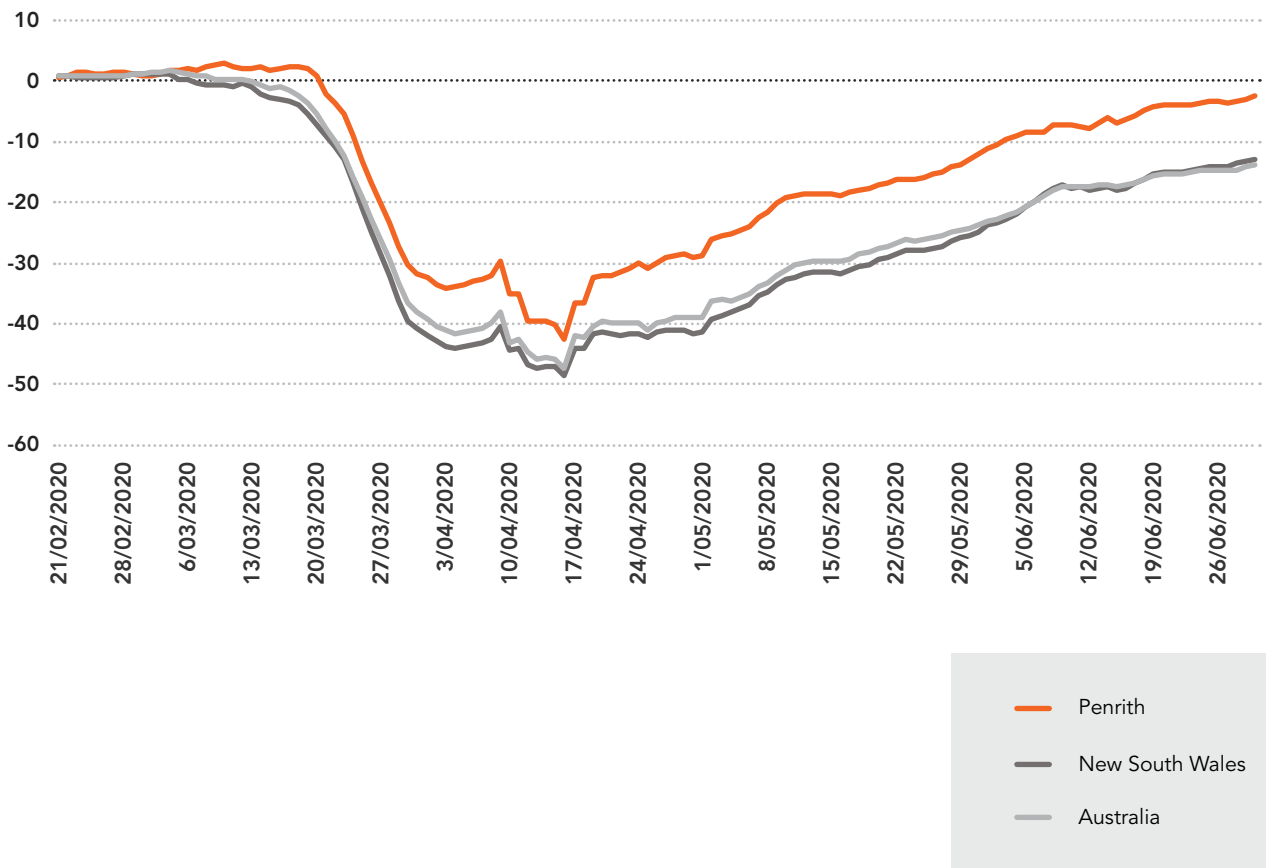
## Other economic indicators

**VISITS TO RETAIL AND HOSPITALITY  
FELL BY 40% IN APRIL BUT  
RECOVERED ALMOST BACK TO PRE  
COVID-19 LEVEL BY JUNE 2020**

In the month of April 2020, travel movements to place of retail, hospitality and recreation fell by around 40% compared to the pre COVID-19 baseline level. By June 2020, they were almost back to the pre COVID-19 level. Penrith retail, hospitality and recreation travel movements were around 10% higher than the New South Wales average since the outbreak

## Travel movements to retail and recreation - Penrith

**% change from base week, 7 day average**



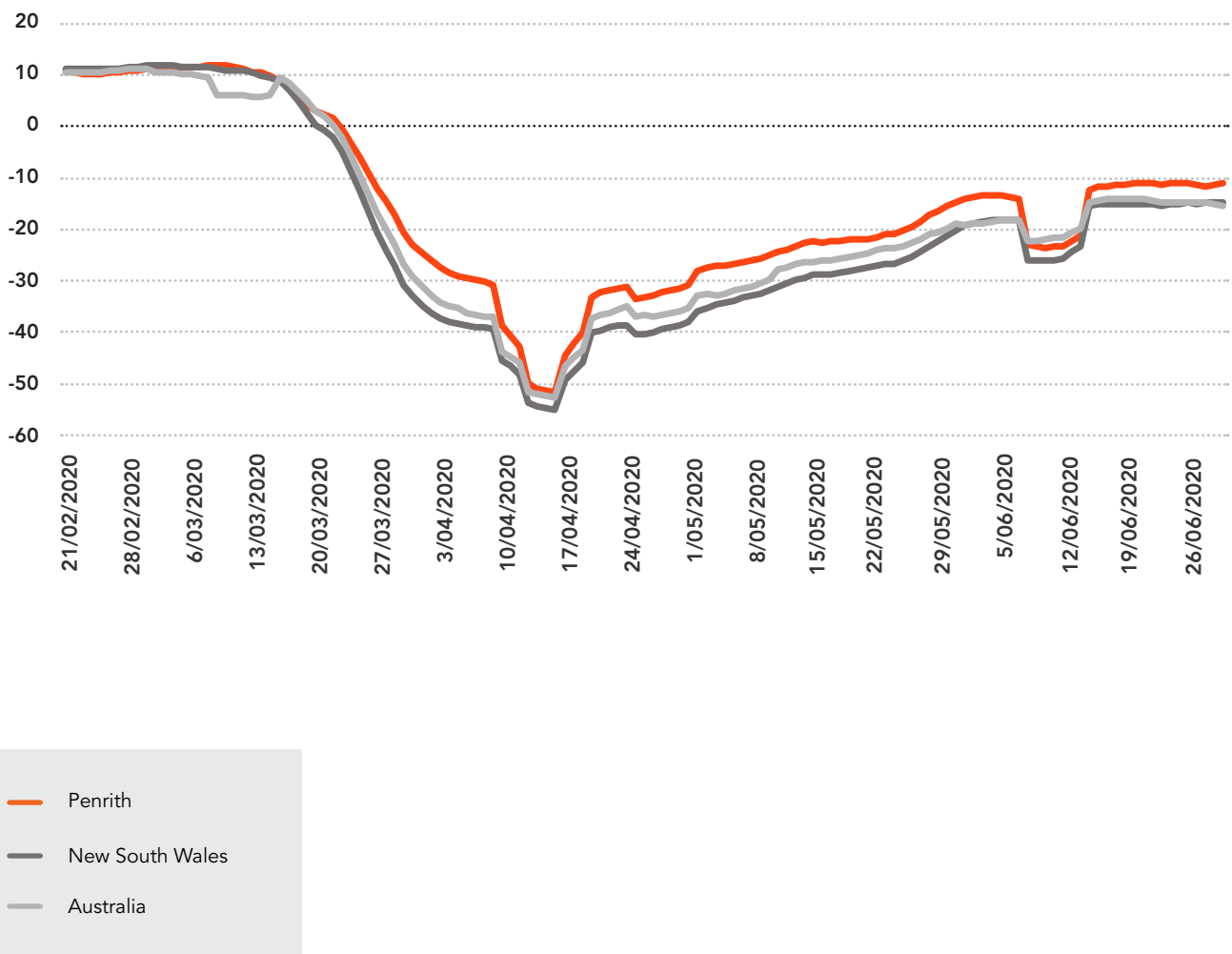
Source: Google Mobility Data, 2021

Travel movements to a place of work decreased by 50% in April 2020, slightly less than the New South Wales average. By end of June 2020, the

travel movements recovered back to around 10% below the pre COVID-19 baseline.

## Travel movements to place of work - Penrith

% change from base week, 7 day average



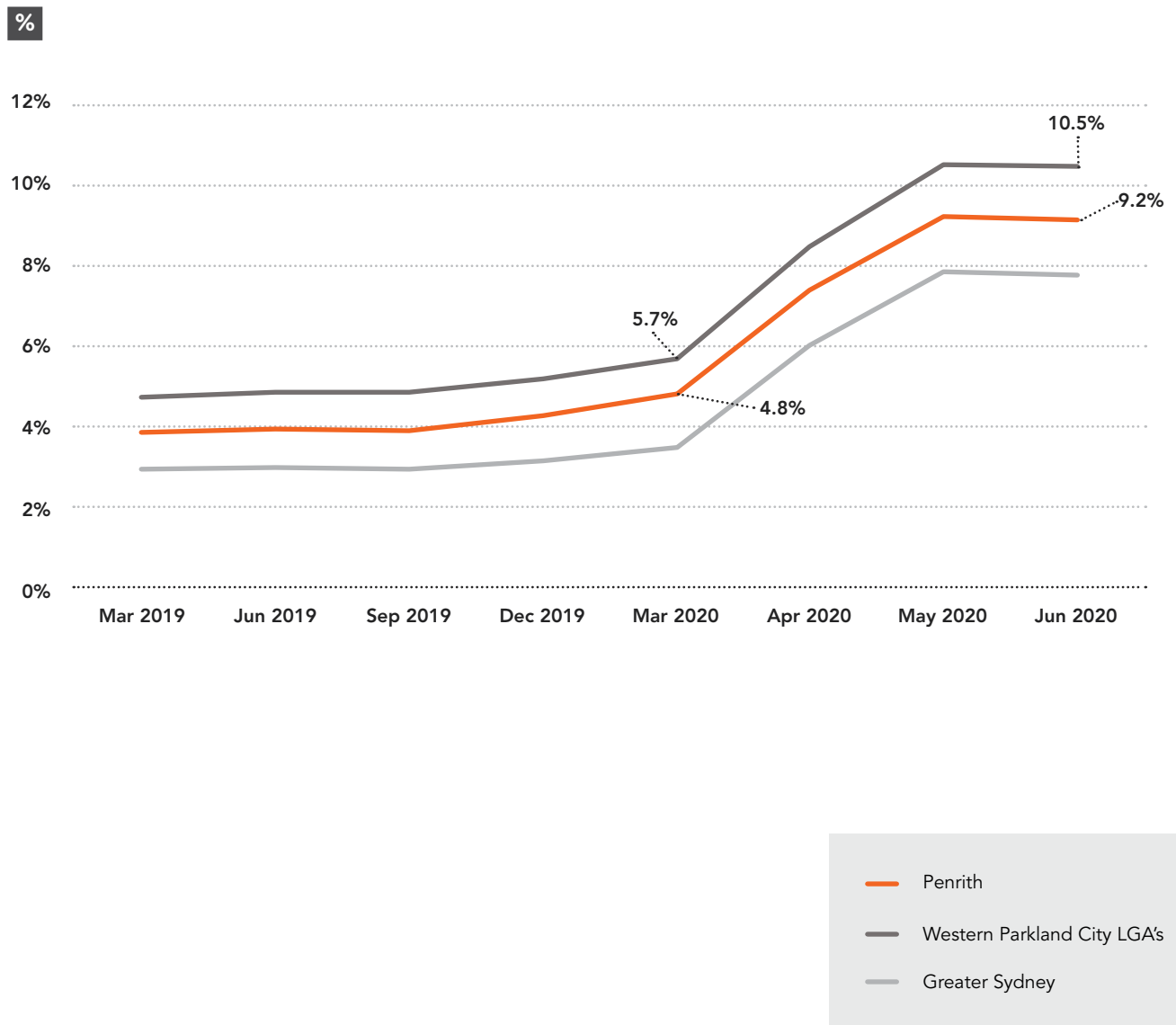
Source: Google Mobility Data, 2021

**SHARP INCREASE IN RESIDENTS ON JOBSEEKER PAYMENTS. SOME AREAS WERE SIGNIFICANTLY MORE AFFECTED THAN OTHERS**

The share of 15 to 64 years old Penrith residents on JobSeeker payments increased by +4.4% from March 2020 to June 2020. This

increase was lower than the Western Parkland City average of +4.8% and similar to the Greater Sydney average (+4.3%).

## Share of residents on JobSeeker - Penrith

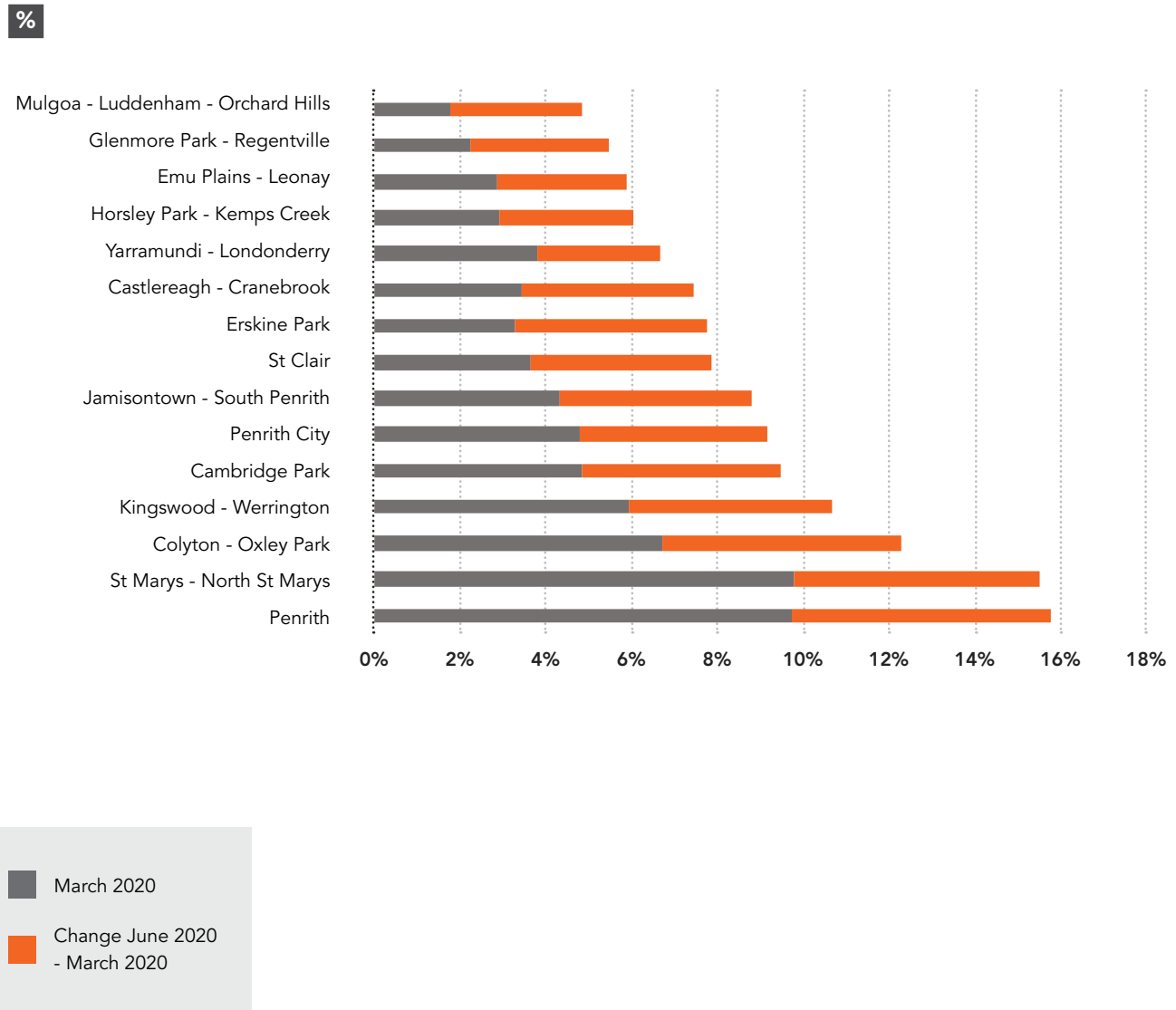


Source: Department of Social Services - JobSeeker and Youth Allowance recipients

However, the Penrith residents in some areas were more affected by COVID-19. The increase in the percentage of residents on JobSeeker in Penrith (SA2) and St Marys-North St Marys were

around 6%, while Mulgoa-Luddenham-Orchard Hills and Glenmore Park-Regentville residents on JobSeeker increased by, respectively, 3.1% and 3.2% from March 2020 to June 2020.

## Share of residents on JobSeeker by area - Penrith



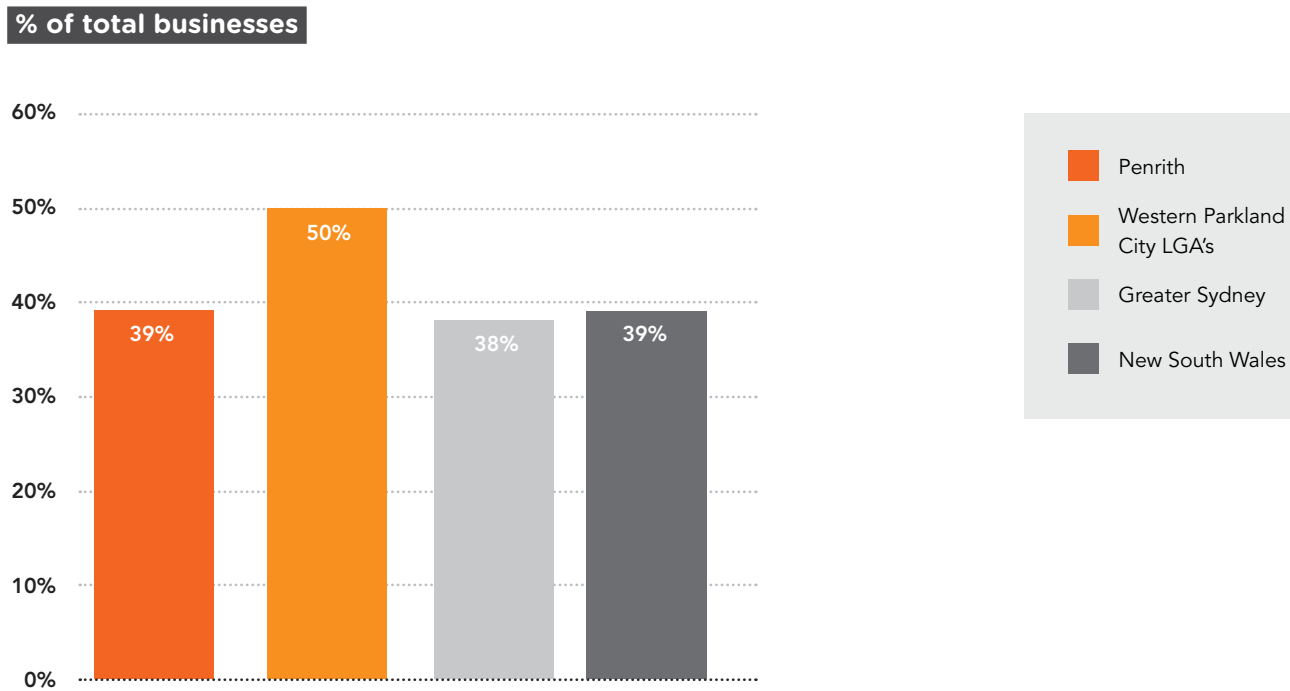
Source: Department of Social Services - JobSeeker and Youth Allowance recipients

## PENRITH BUSINESSES RECEIVING JOBKEEPER SUPPORT WAS SIGNIFICANTLY LESS THAN THE WESTERN PARKLAND CITY LGAS AVERAGE

Around 39% of all local businesses in Penrith applied for JobKeeper support in June 2020. This rate was on par with the Greater Sydney (38%) and New South Wales (39%) averages but significantly

less than the Western Parkland City LGA average of 50%. This is due to businesses in Western Parkland City LGAs excluding Penrith being in industries more exposed to the impact of COVID-19.

## Businesses Accessing JobKeeper - June 2020



Source: Treasury, 2021

## 2. WHAT DID RECOVERY LOOK LIKE?

---

### Introduction

The second half of 2020 saw a pattern of easing and then tightening restrictions in response to lower cases and isolated breakouts. This led to economic recovery in the City of Penrith through most of the 2020/21 financial year. The recovery in Penrith was influenced by a number of factors that work in favour and against the City's industry mix, role and function. This section will provide an overview of how the local economy was recovering prior to the recent lockdown including how industries, precincts and the residents were recovering.

**This chapter is split into the following sections:**

2.1 Recovery overview

2.2 The City of Penrith economic recovery from COVID-19

2.3 Recovery of precincts

2.4 Other economic indicators during the recovery



# 2.1

## Recovery from COVID-19

Australia and NSW have done remarkably well in terms of global standards of containing the COVID-19 virus and preventing it from causing mass fatalities and/or crippling the health system. State and federal government stimulus has been crucial in boosting confidence in the economy and maintaining business and employee relationships throughout the downturn. This allowed NSW to bounce back quicker than ever. Since the June Quarter fall, the NSW economy has grown by 11.5%, the second highest amongst all states and territories.

Recovery has not been even across industries. Retail spending has been strong and construction was growing off the back of record building approvals. However, other areas such as tourism was hurting in locations that haven't been compensated by domestic visitation boosts. The CBDs of Sydney and Melbourne in particular are nowhere near operating at full capacity, impacting local retail and hospitality.

Sydney's economy has been driven over the last decade largely by overseas immigration fuelling the demand for population services and the construction sector via new dwellings approved. With immigration forecast to be low for the next few years, other areas of the economy will have to pick up to fill the gap. However, a potential advantage of reduced immigration is a tight labour market that may lead to wage growth.

Reduced immigration and international visitation will likely impact the Penrith in the years to come given the importance to population growth.

# 2.2

## The City of Penrith Recovery from COVID-19

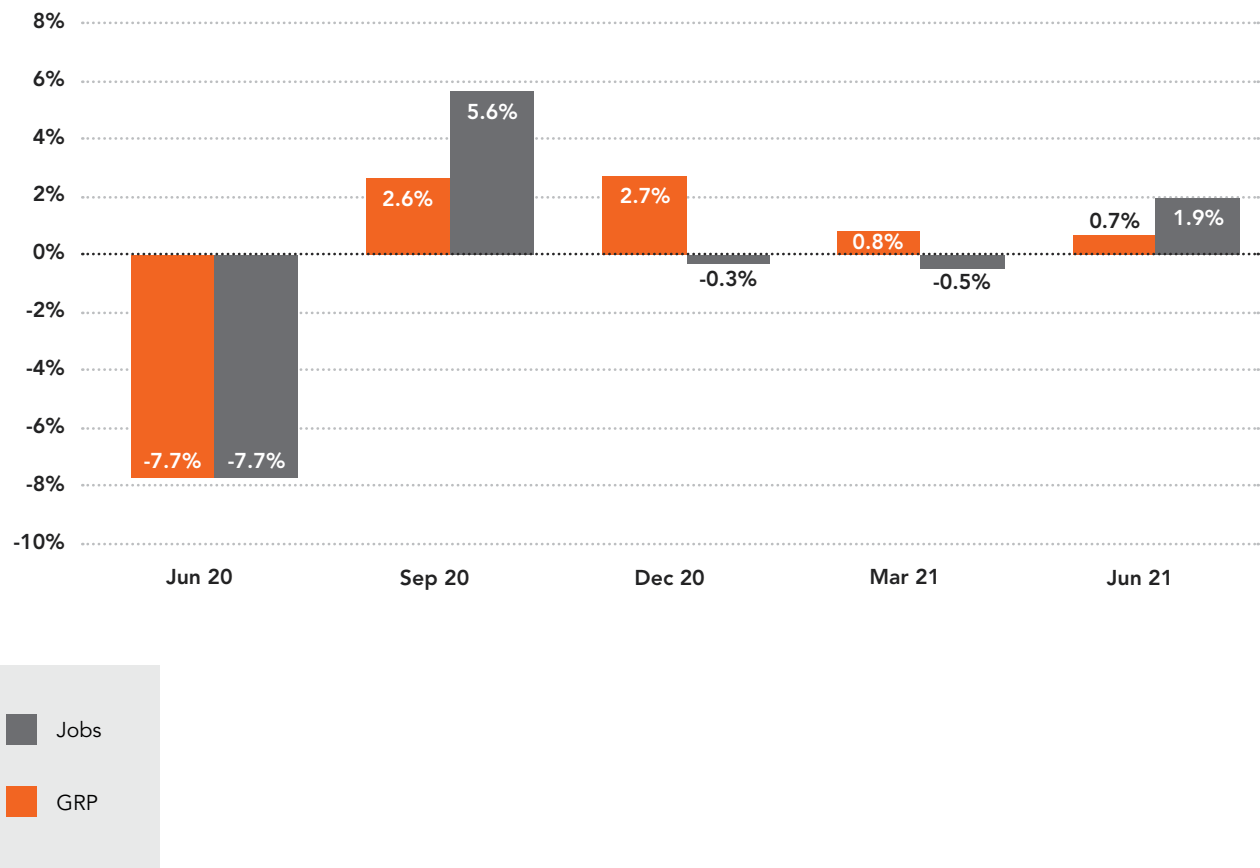
### GRP AND JOBS HAS REBOUNDED

The City of Penrith's GRP and Jobs were estimated to have started recovery from September Quarter 2020. GRP was estimated to have experienced a strong recovery in 2020 September and December Quarters, increasing by \$145M in December Quarter compared to June Quarter. Quarterly GRP recovered to \$2,850M by June Quarter 2021, a recover of \$185M

or +6.9% compared to June Quarter 2020. After a strong estimated increase of 5.6% (4,790 jobs) in the September Quarter 2020, jobs growth was estimated to fall marginally in the following two quarters before returning to growth in the June Quarter 2021. Estimated total local jobs was 90,767 jobs in June Quarter 2021, a recovery of 5,763 jobs (+6.8%) compared to June Quarter 2020.

## Economic and Job Revocery Estimates - Penrith

### Quarterly % Change

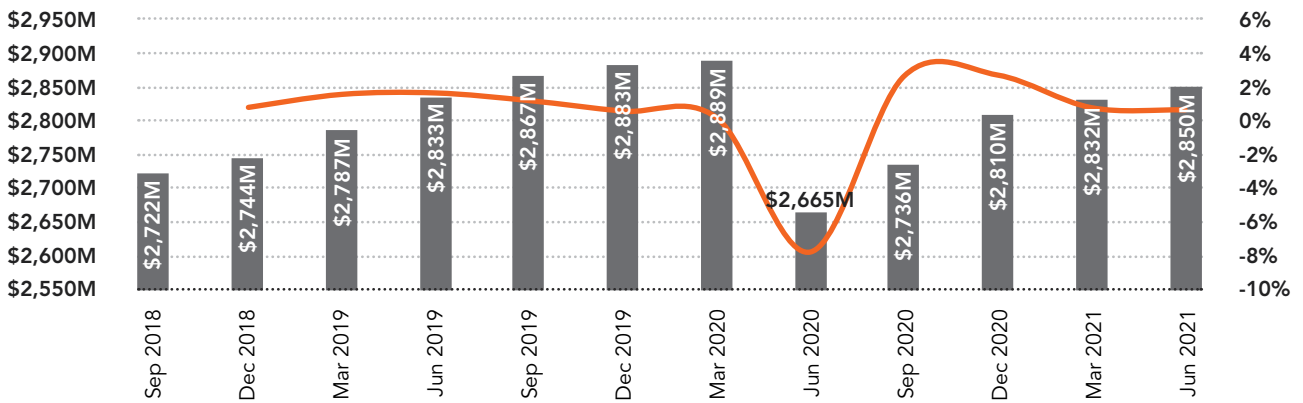


Source: NIEIR, 2021



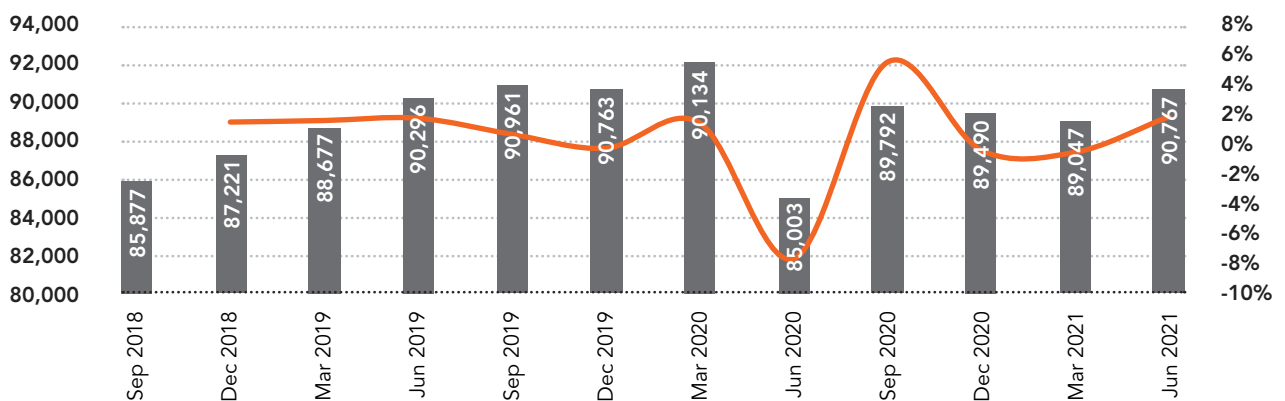
## GRP Estimate, Quarterly - Penrith

\$M (left axis), Quarterly % Change (right axis)



## Local Jobs Estimate, Quarterly - Penrith

\$M (left axis), Quarterly % Change (right axis)

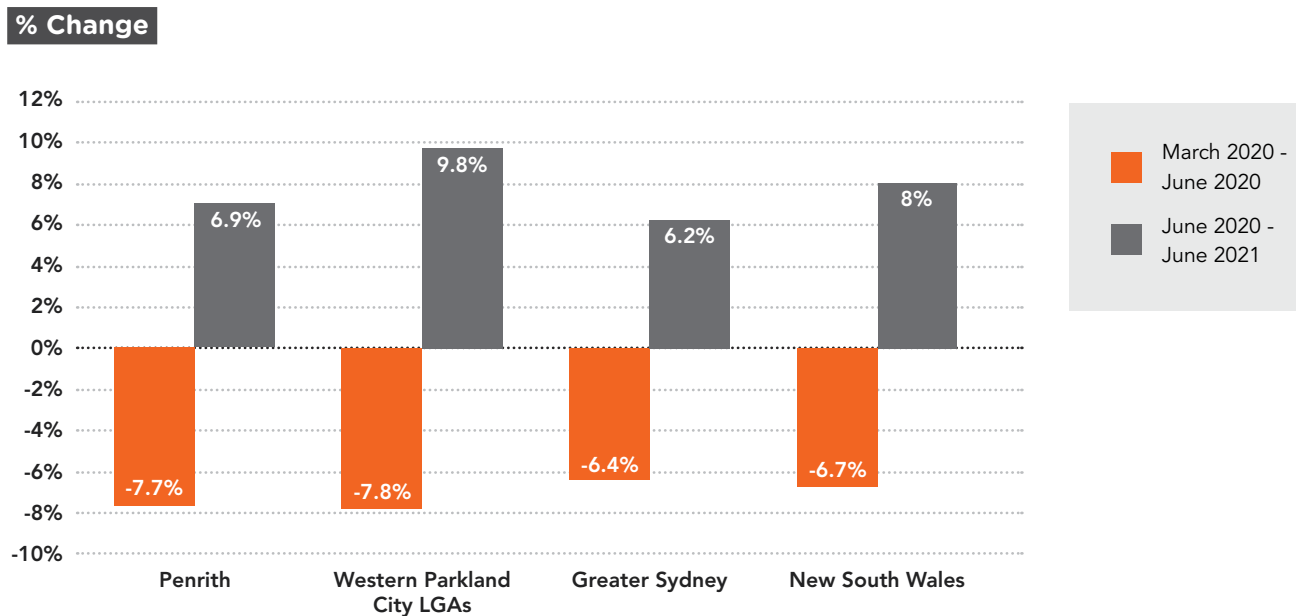


Source: NIEIR, 2021

**PENRITH JOBS RECOVERY RATE WAS HIGHER THAN OTHER BENCHMARK AREAS BUT THE CITY WAS MORE IMPACTED FROM MARCH TO JUNE IN 2020. GRP RECOVERY RATE WAS LOWER THAN THE WESTERN PARKLAND CITY AVERAGE DESPITE THE SIMILAR IMMEDIATE IMPACT OF COVID-19.**

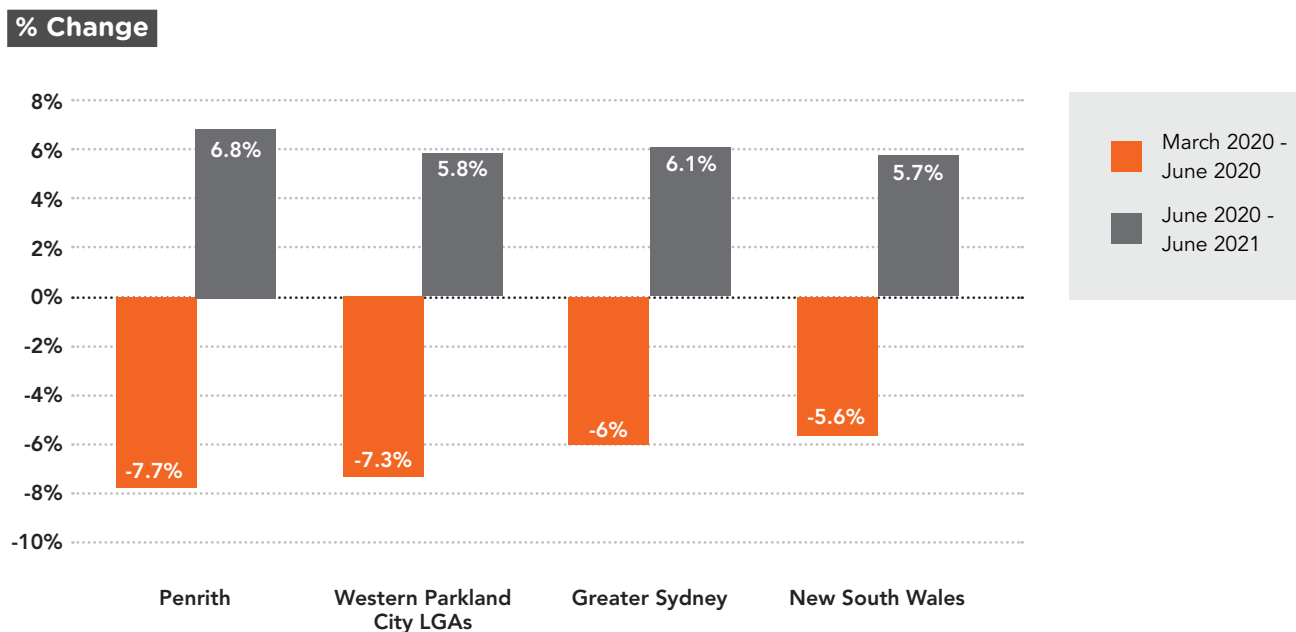
GRP was forecast to grow by 6.9% over the period between June 2020 to June 2021. This rate was lower than the Western Parkland City LGAs average growth rate of 9.8% during the same period despite the similar level of decrease from March 2020 to June 2020.

## GRP Recovery Estimates - Penrith



Local Jobs were forecast to grow by 6.8% over the one year period from June 2020 to June 2021. The jobs recovery rate during this period was higher than the other benchmark areas.

## Job Recovery Estimates - Penrith



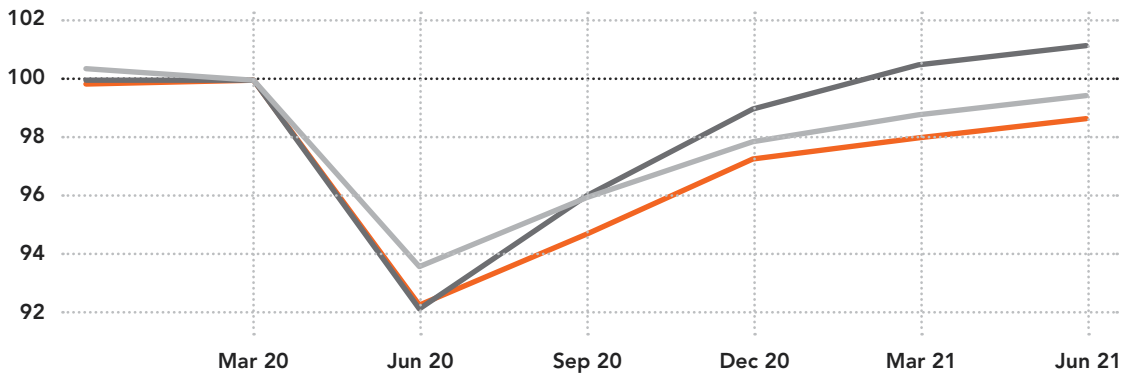
Source: NIEIR, 2021

## JOBS RECOVERY WAS ESTIMATED TO BE ALMOST A YEAR SLOWER THAN THE GREATER SYDNEY AVERAGE

The June Quarter 2021 GRP was estimated to be still below the pre COVID-19 levels. The recovery was significantly slower than the Western Parkland City LGAs and the Greater Sydney average, where the former was estimated to recover back above the pre COVID-19 level in the March Quarter 2021.

### GRP Change Estimate - Penrith

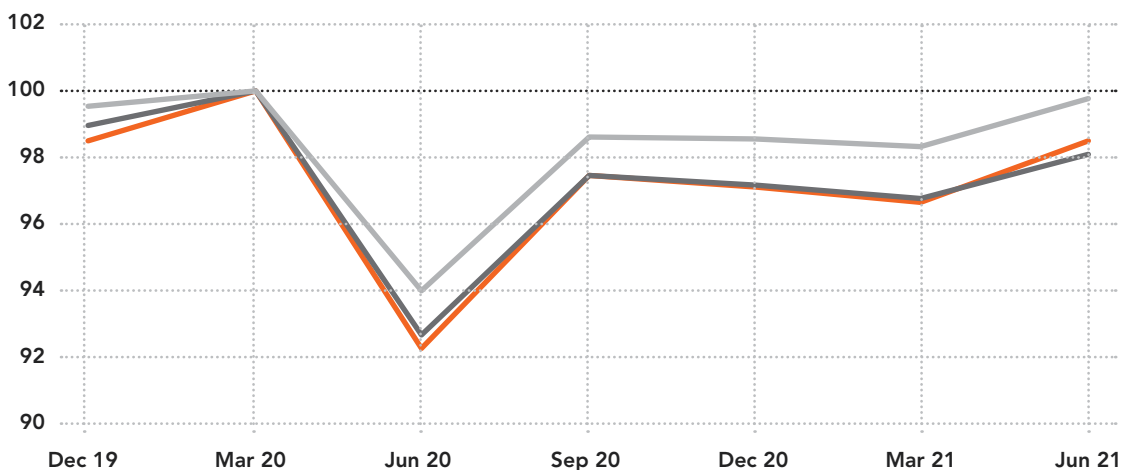
Index March 2020 =100



Jobs were estimated to be still below the pre COVID-19 levels in June Quarter 2021. The recovery was slower than the Greater Sydney average, where the jobs in Greater Sydney was estimated to be around the pre COVID-19 level by the June Quarter 2021.

### Job Change Estimate - Penrith

Index March 2020 =100



- Penrith
- Western Parkland City LGAs
- Greater Sydney

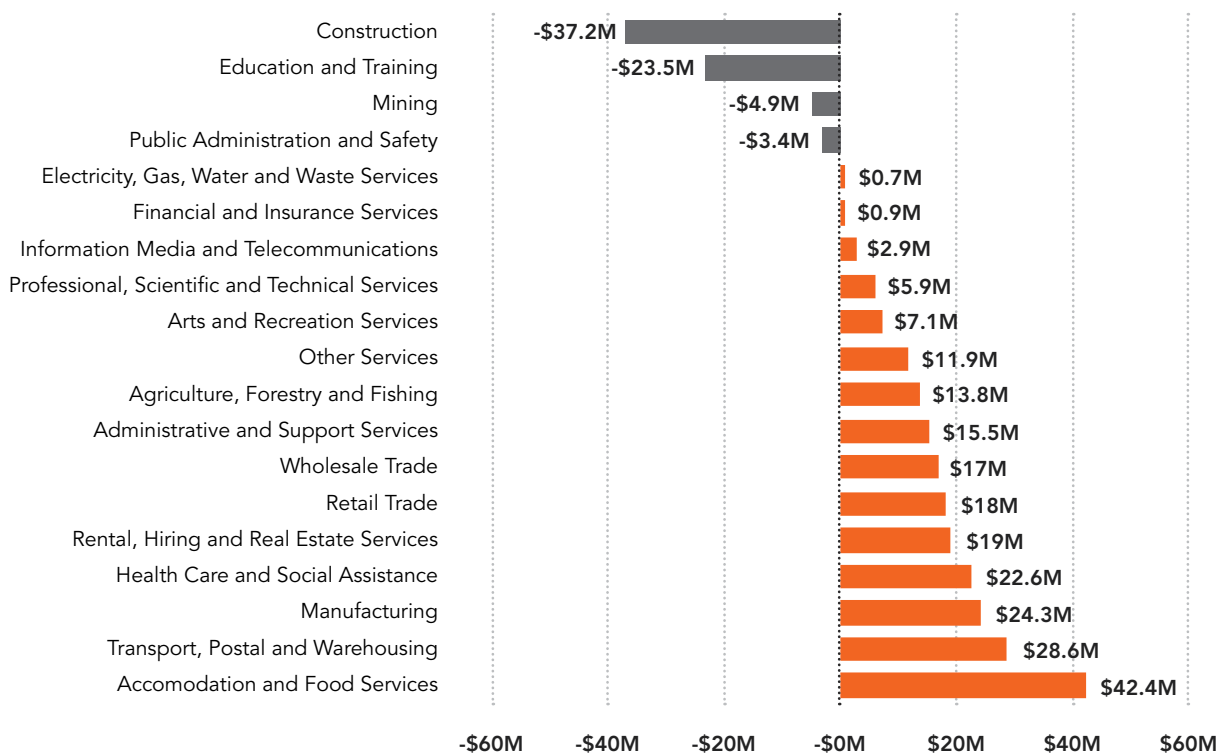
Source: NIEIR, 2021

## STRONG RECOVERY IN HARDEST HIT INDUSTRIES

Most industries staged a recovery in economic value over the one year period from June 2020 to June 2021. The top three growth industries were Accommodation and Food Services, Transport, Postal and Warehousing and Manufacturing. These industries were the most negatively impacted immediately following the outbreak of COVID-19.

## Estimated Value Added Change by Industry - Penrith June 2020 to June 2021

\$M



Source: NIEIR, 2021

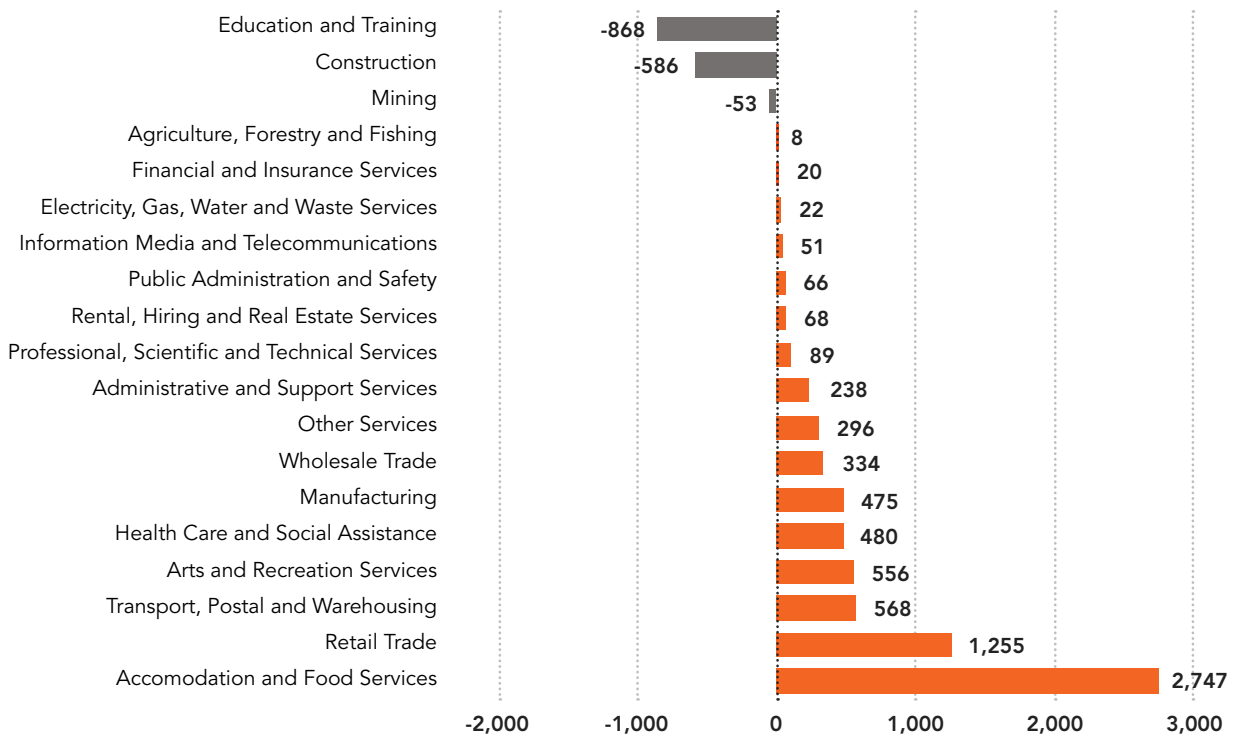
Jobs in Accommodation and Food Services and Retail Trade industries recovered strongly over the period from June 2020 to June 2021. Similar to the economic value, these industries were most immediately impacted by COVID-19.

The construction industry jobs and value added decreased over the same period despite the \$500 million Amazon warehouse construction activities.

The jobs and value added in education industry also fell due to social distancing and travel restrictions decreasing the demand for secondary and tertiary education.

## Estimated Job Change by Industry - Penrith June 2020 to June 2021

### Number of Jobs



Source: NIEIR, 2021

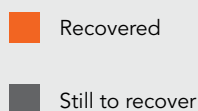
## THE CITY OF PENRITH RECOVERY FROM COVID-19

Jobs in many industries are still below the pre COVID-19 level in June 2021

### Industry Recovery - June 2021 compared to March 2020

#### % Change

Jobs		Value Added
6%	Information Media and Telecommunications	3%
5%	Construction	-13%
5%	Financial and Insurance Services	0%
3%	Accommodation and Food Services	4%
2%	Retail Trade	2%
2%	Agriculture, Forestry and Fishing	71%
2%	Rental, Hiring and Real Estate Services	4%
1%	Health Care and Social Assistance	2%
-1%	Public Administration and Safety	1%
-2%	Other Services	3%
-2%	Transport, Postal and Warehousing	-3%
-2%	Wholesale Trade	2%
-2%	Professional, Scientific and Technical Services	4%
-4%	Manufacturing	-4%
-6%	Administrative and Support Services	-6%
-8%	Arts and Recreation Services	2%
-14%	Electricity, Gas, Water and Waste Services	4%
-19%	Education and Training	-15%
-46%	Mining	-53%

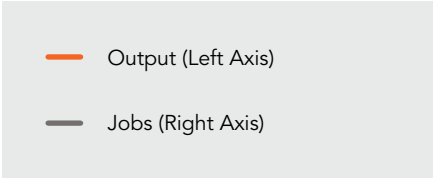
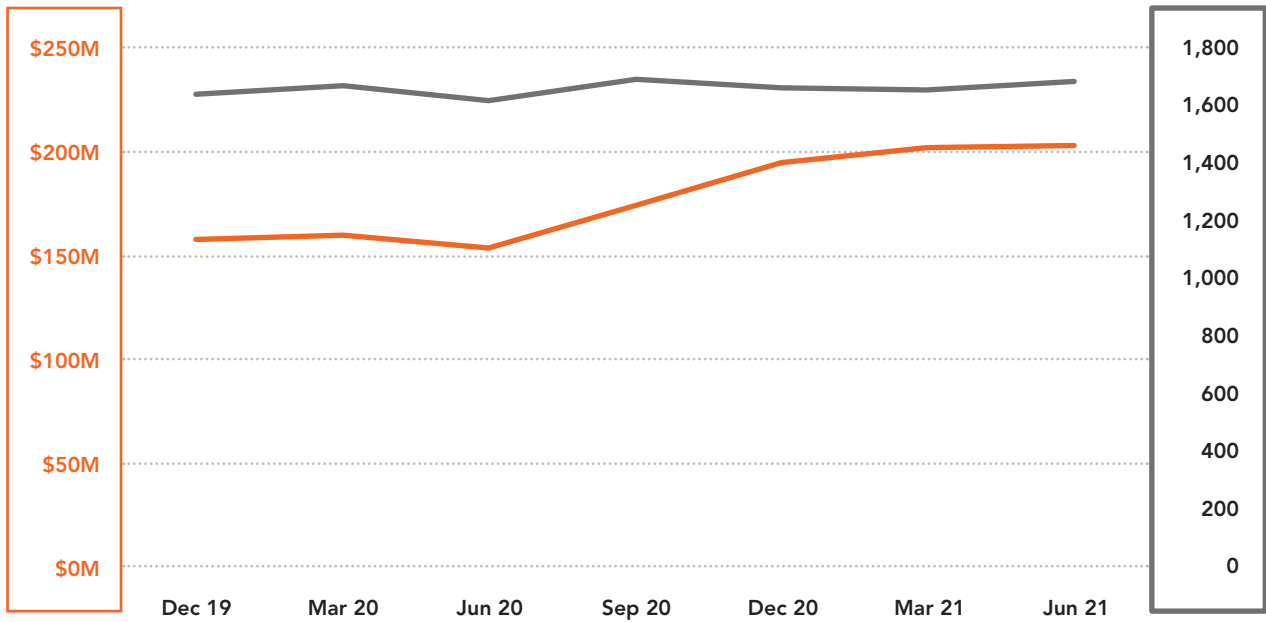


Source: NIEIR, 2021

STRONG INCREASE IN AGRIBUSINESS OUTPUT DRIVEN BY HIGHER AGRICULTURAL COMMODITY PRICES

## Agribusiness output and jobs - Penrith

Quarterly



Source: NIEIR, 2021

# 2.3

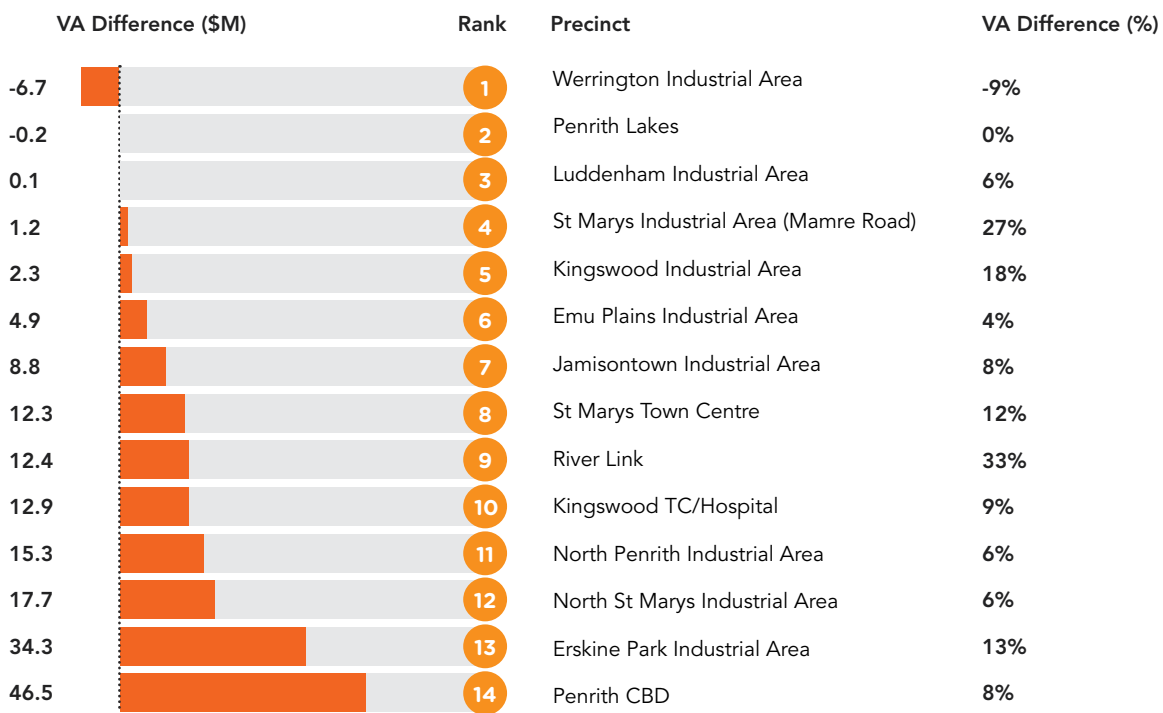
## Recovery of Precincts

**MOST PRECINCTS WERE RECOVERING BUT PRECINCTS WITH A HIGH SHARE OF THE EDUCATION SECTOR WAS FURTHER IMPACTED**

Similar to the recovery in industries, the precincts that were most immediately impacted by COVID-19 staged a strong recovery over the period from June 2020 to June 2021. However, value added of precincts with a high share of the Education sector was estimated to have decreased over the same period.

## Value Added Change by Precincts

**Difference - June Quarter 2021 compared to June Quarter 2020**



Source: NIEIR, 2021

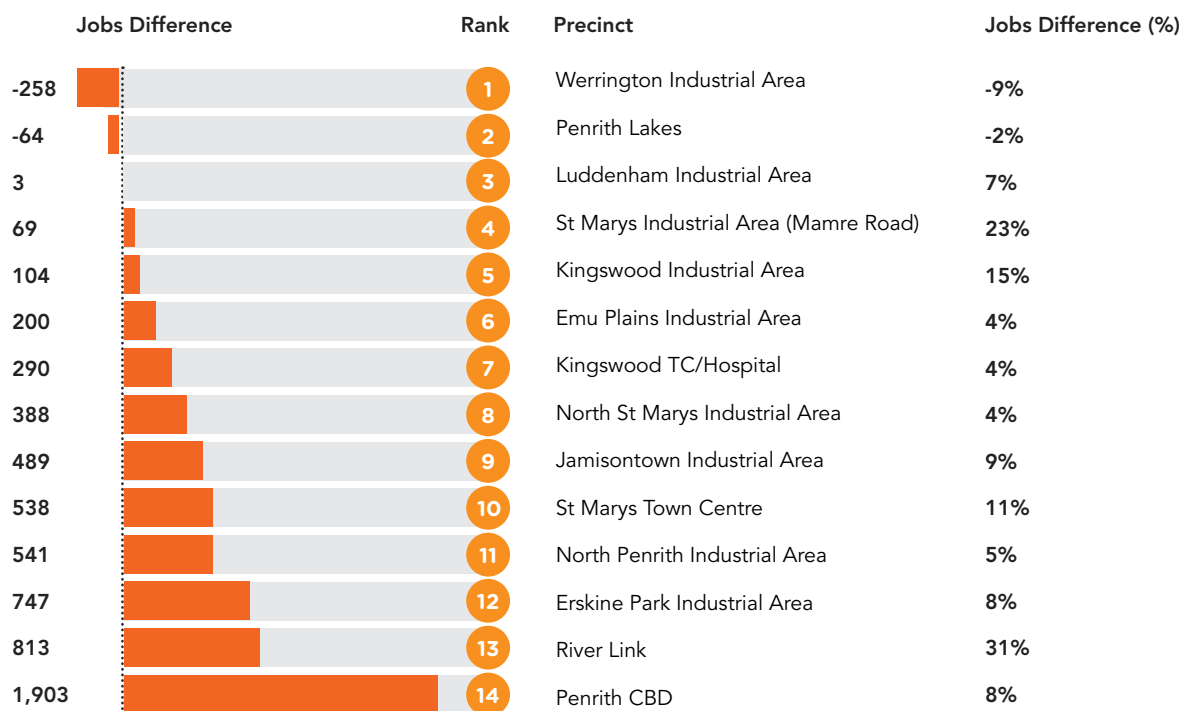


Precincts with a high share of hospitality jobs were estimated to recover strongly over the one year period from June 2020 to June 2021. Similar to

value added, jobs in precincts with a high share of the Education industry further decreased over the same period.

## Jobs Impact Change by Precincts

### Difference - June Quarter 2021 compared to June Quarter 2020

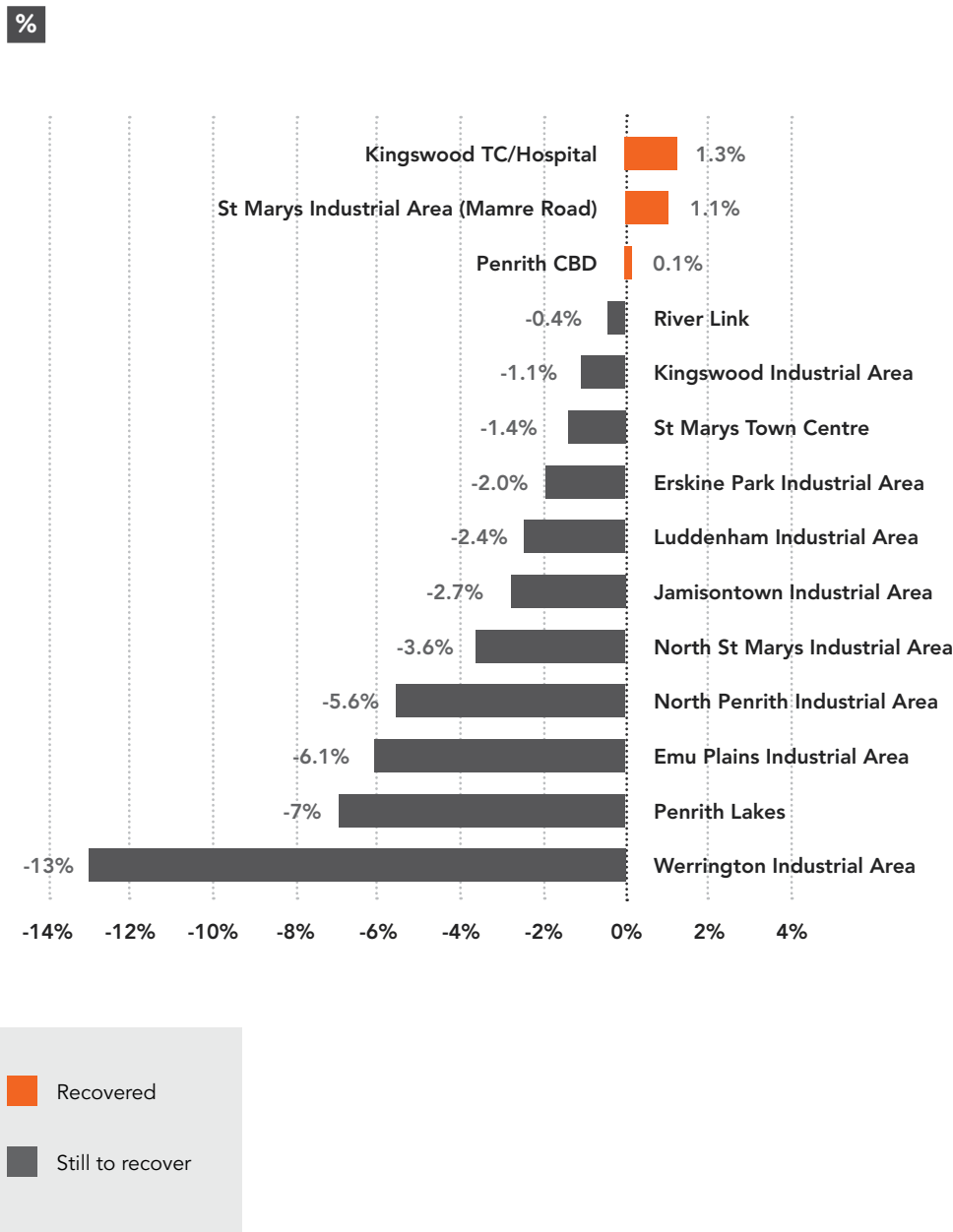


Source: NIEIR, 2021

**HOWEVER, MOST PRECINCTS WERE STILL BELOW PRE COVID-19 LEVEL**

In June 2021, valued added in 3 out of 14 precincts were above the pre COVID-19 March Quarter 2020 level. Werrington Industrial Area was around 13% below the March Quarter 2020 level in June Quarter 2021 driven by the fall in the Education industry.

## Recovery in Value Added by Precincts June 2021 compared to March 2020

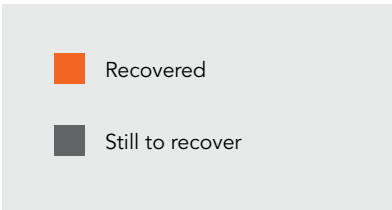
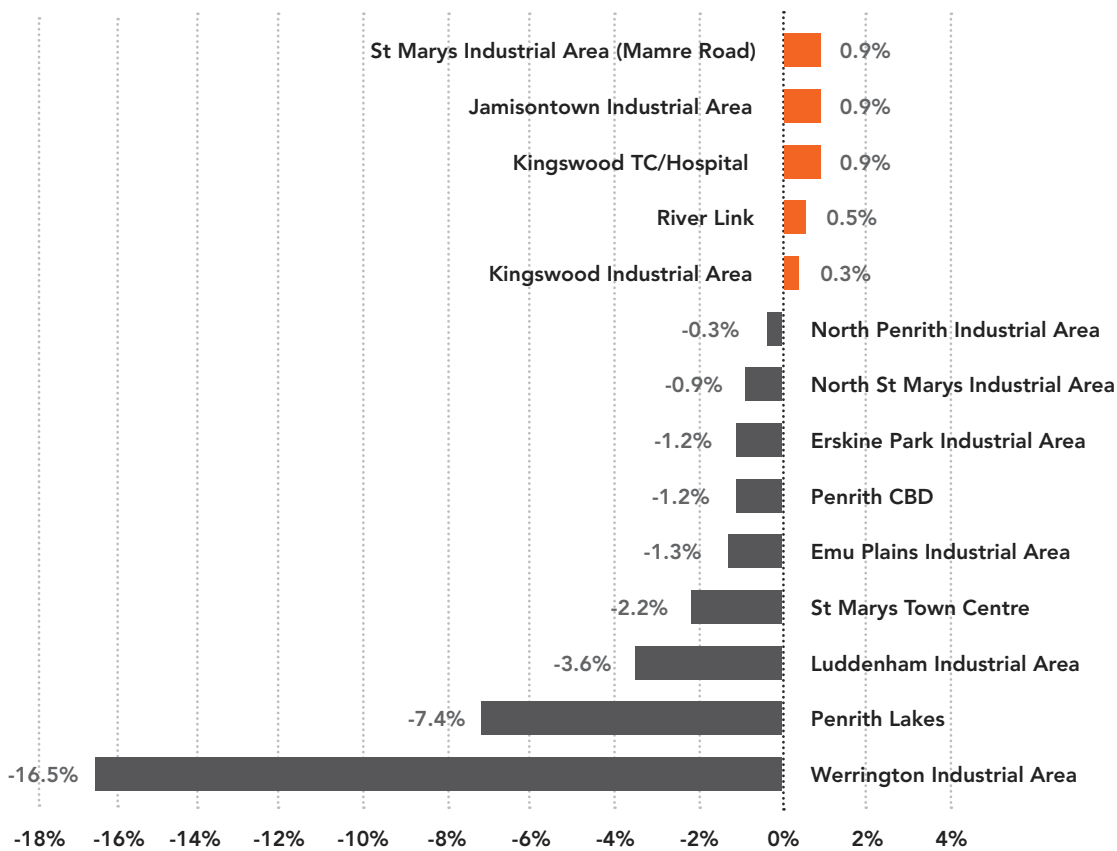


Source: id analysis, NEIR, 2021

Jobs in over half of precincts were still below the pre COVID-19 level in June 2021. Similar to the value added, Werrington Industrial Area has the largest negative jobs difference between March 2020 and June 2021, followed by Penrith Lakes.

## Recovery in Local Jobs by Precincts June 2021 compared to March 2020

%



Source: id analysis, NEIR, 2021

# 2.4

## Other economic indicators during the recovery

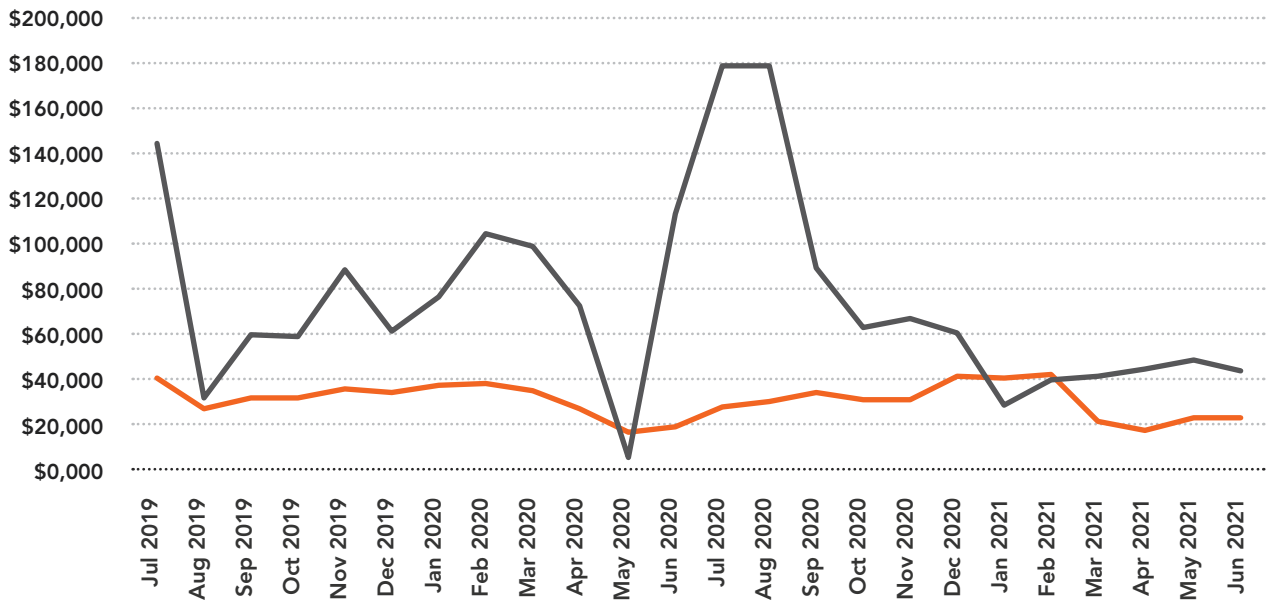
### NON-RESIDENTIAL BUILDING APPROVALS REMAINED LOW AFTER A STRONG APPROVALS ACTIVITY IN SEPTEMBER QUARTER 2020 DRIVEN BY AMAZON WAREHOUSE.

Non-Residential building approvals rebounded strongly in September Quarter 2020 following the steep fall in May 2020. The rebound was driven by

\$500M Amazon warehouse (\$320M in June 2020 and \$180M in July 2020). Subsequently, the approvals activity from August 2020 remained relatively lower than the pre COVID-19 level. Residential approvals activity recovered to the pre COVID-19 level by the end of the year 2020, but subsequently fell in March Quarter 2021.

## Monthly Value of Building Approvals - Penrith

\$'000, 3 months rolling average

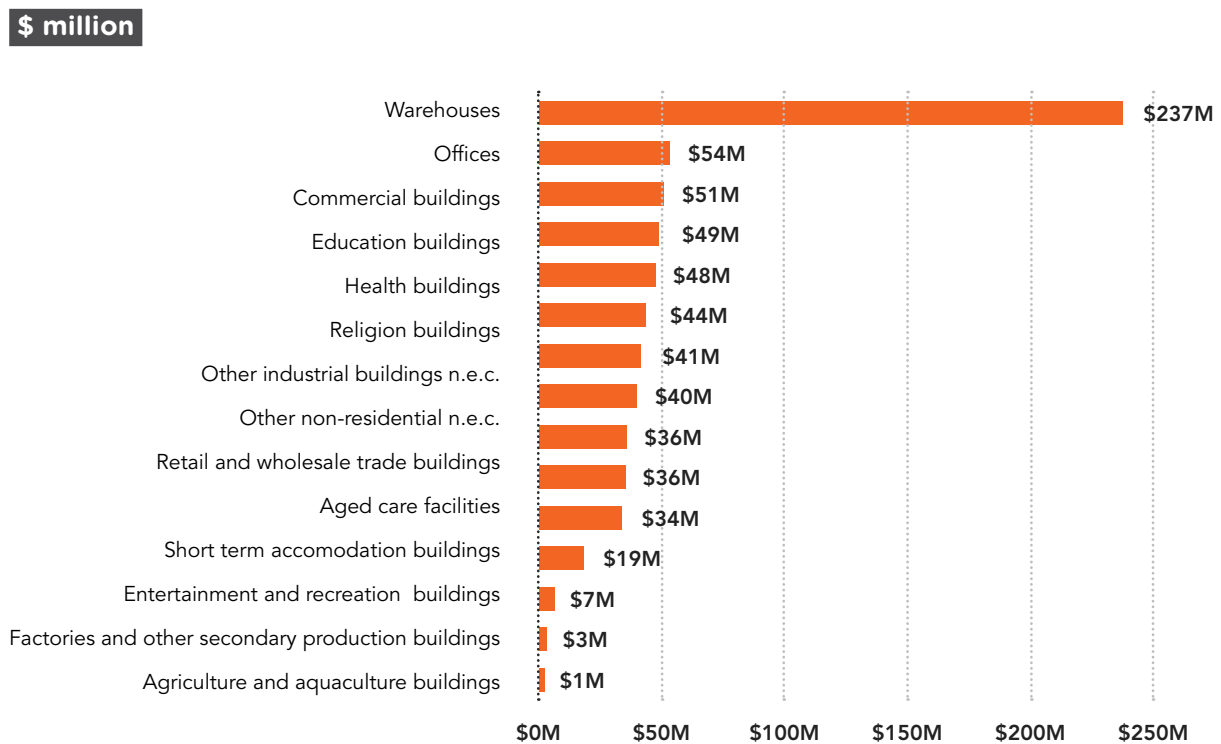


- Residential
- Non-Residential

Source: ABS Building Approvals, 2021

The strong Non-Residential building approvals activity in FY2021 were driven by \$192 million warehouses approval in July 2020 (where \$180 million was a part of Amazon warehouse approved in July 2020).

## Non-Residential Building Approvals Value 2020/21



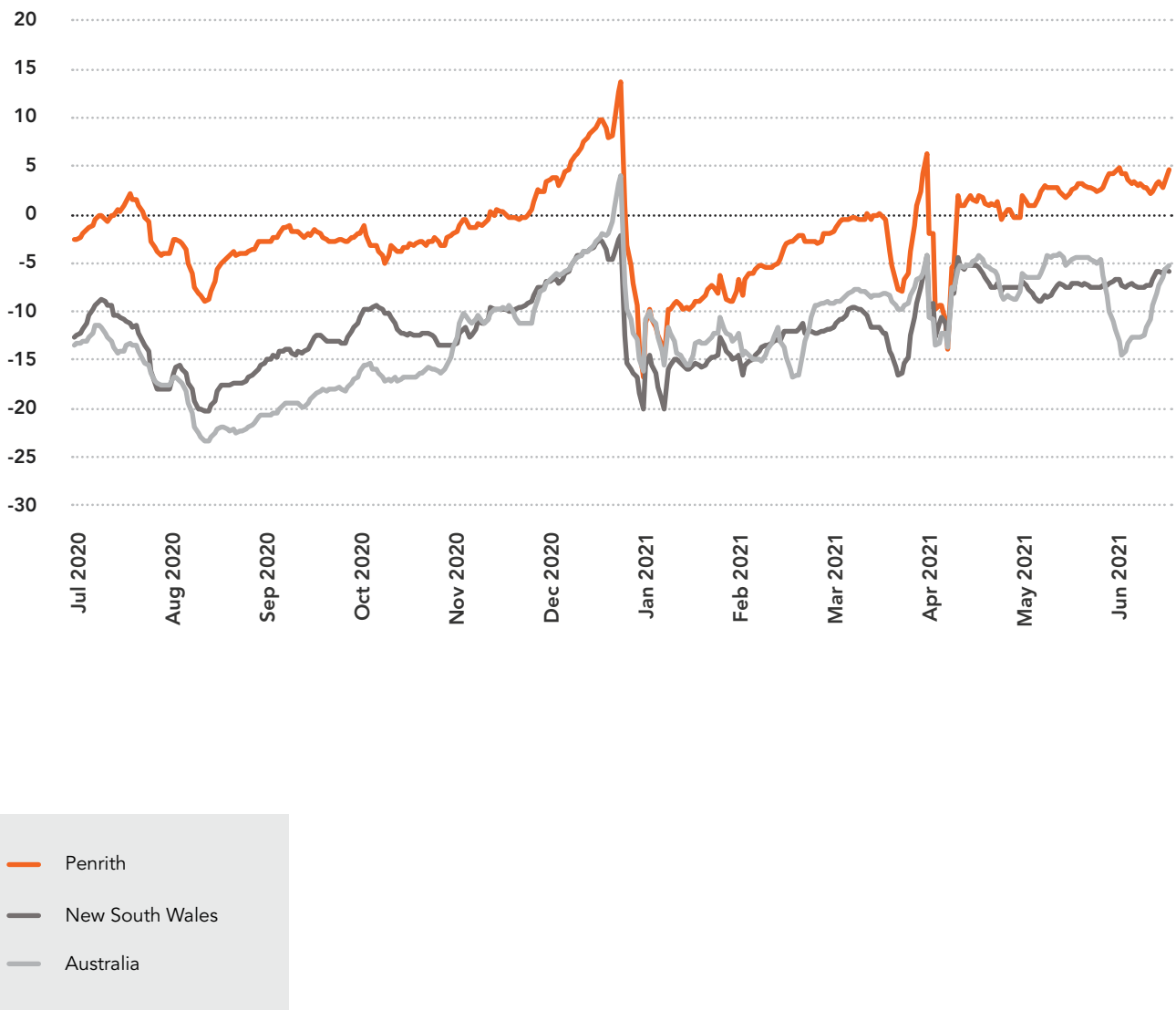
Source: ABS Building Approvals, 2021

## VISITS TO SHOPS, HOSPITALITY AND WORKPLACE WERE BACK TO THE PRE COVID-19 LEVEL BY MID 2020 AND REMAIN HIGHER THAN THE STATE AND NATIONAL AVERAGE

Travel movements to retail shops, cafes and restaurants, and entertainments have recovered back above the pre COVID-19 level by mid 2020. The travel movements in Penrith were higher than the New South Wales and Australia average.

### Travel movements to place of retail and recreation - Penrith

**% change from base week, 7 day average**

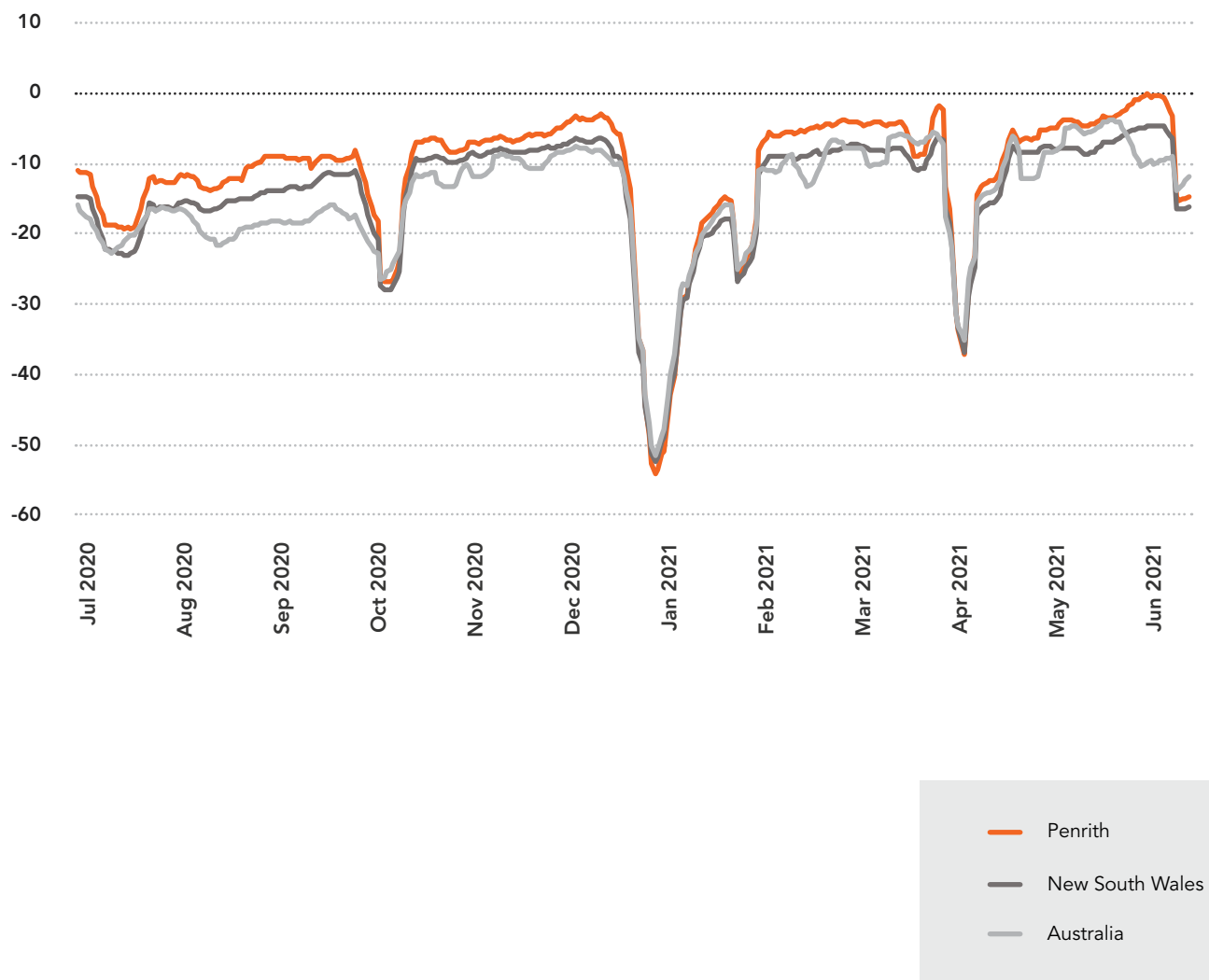


Source: Google Mobility Data, 2021

Travel movements to the place of work recovered back to pre COVID-19 level by June 2021, albeit dips due to holiday periods. The travel movements in Penrith was generally higher than the state and Australia average.

## Travel movements to place of work - Penrith

**% change from base week, 7 day average**



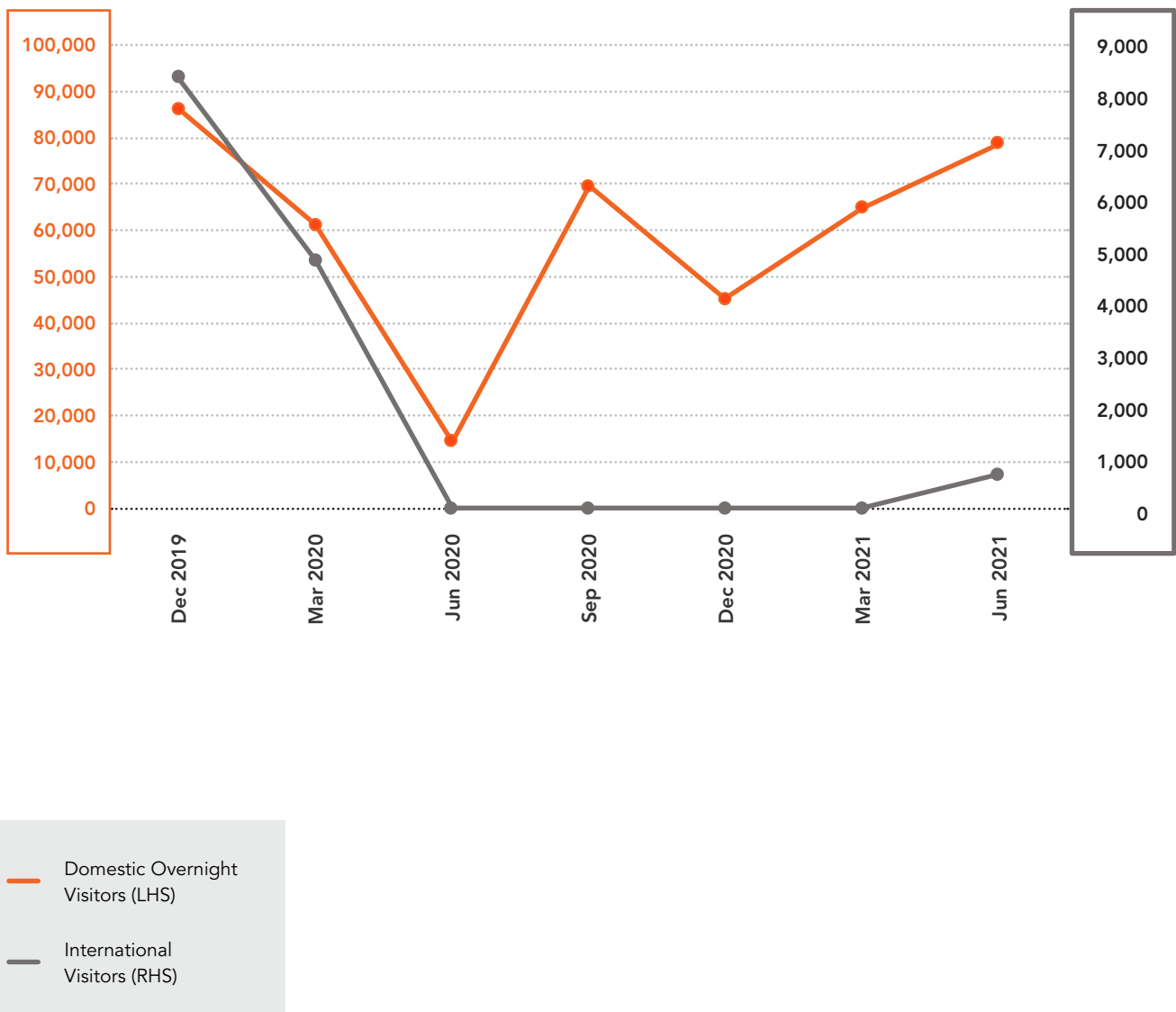
Source: Google Mobility Data, 2021

## DOMESTIC TOURISM RECOVERED STRONGLY FOLLOWING THE HARD FALL IN JUNE QUARTER 2020

Domestic overnight visitation recovered strongly in September Quarter 2020, above the pre COVID-19 March Quarter 2020 level. Despite the fall in December Quarter 2020, the domestic visitation rebounded in March and June Quarters 2021.

### Visitation - Penrith

Estimated number of visitors



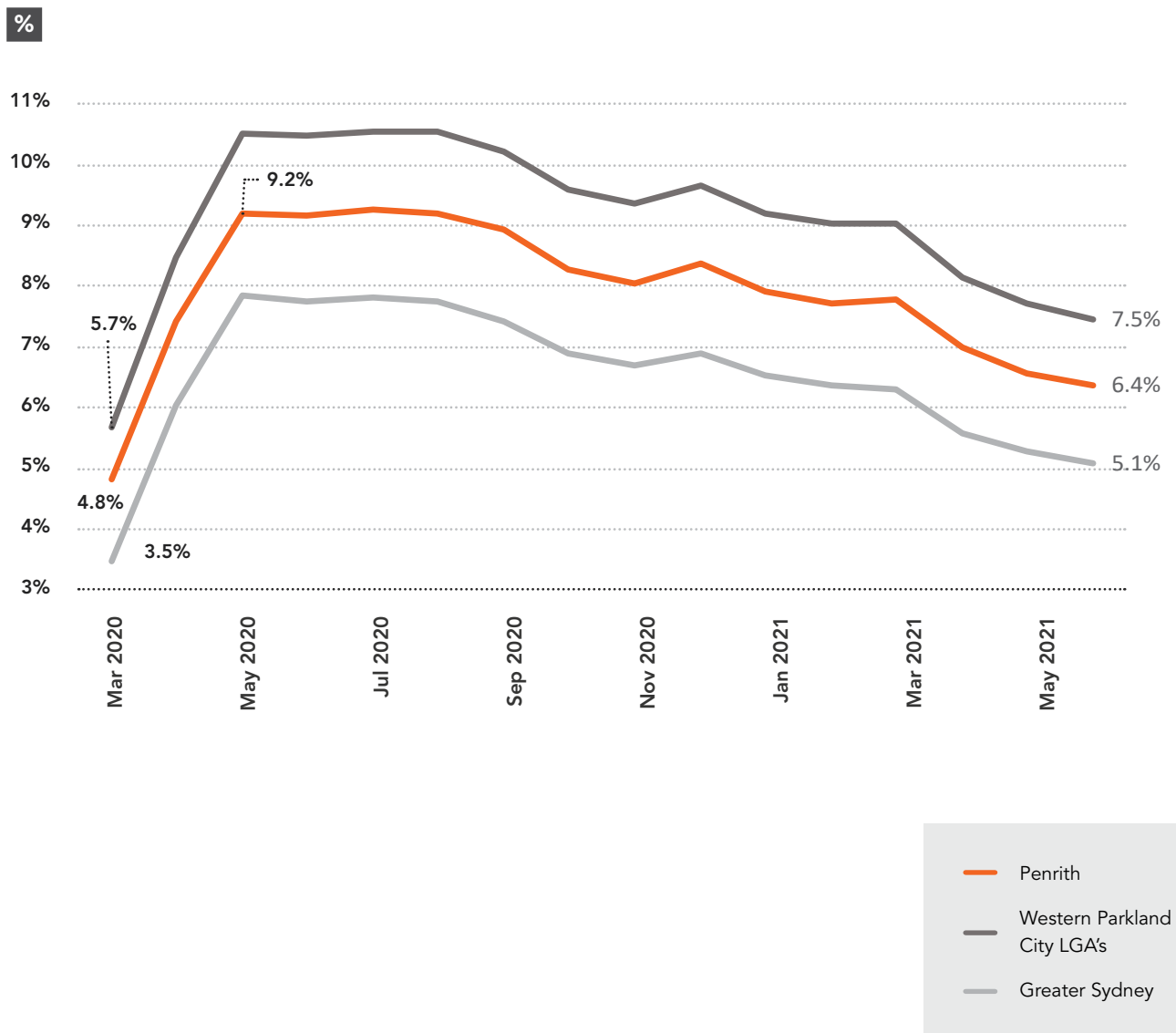
Source: Tourism Research Australia, 2021



**SHARE OF RESIDENTS ON JOBSEEKER PAYMENTS HAS DECREASED. THE DECREASE IN THE UNEMPLOYMENT RATE WAS DRIVEN BY RESIDENTS EXITING THE JOBS MARKET.**

Penrith residents on JobSeeker payments decreased by -2.8% over the one-year period from June 2020 to June 2021. By June 2021, the residents on JobSeeker payments were 6.4%, lower than the Western Parkland City LGAs average (7.5%) but higher than the Greater Sydney average (5.1%).

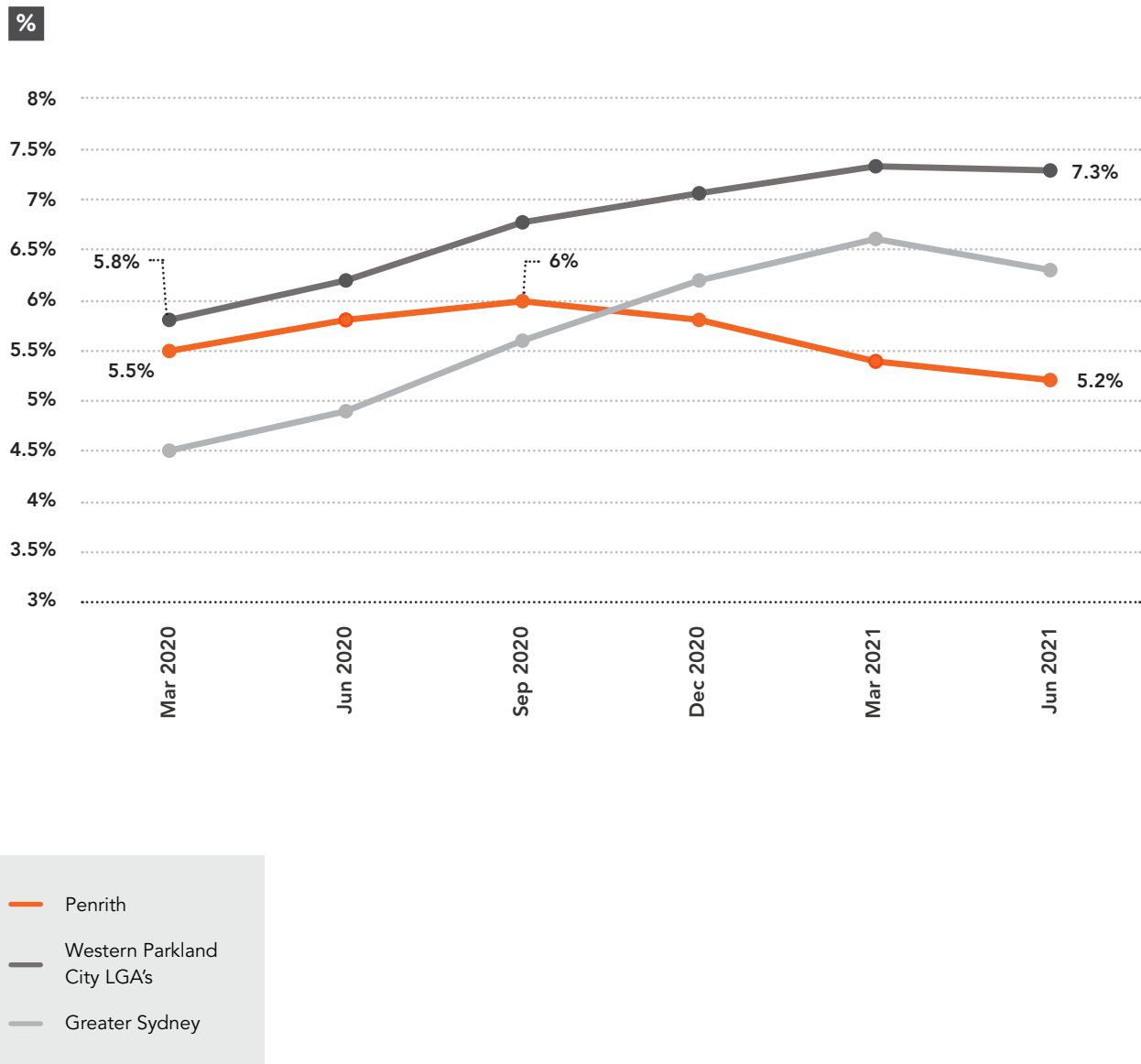
## Share of residents on JobSeeker - Penrith



Source: Department of Social Services - Job Seeker and Youth Allowance recipients

The unemployment rate dropped below the pre COVID-19 level in June Quarter 2021 (5.2%). However, this decrease was driven by residents exiting the labour force. There was 116,300 local labour force in June Quarter 2021, almost 2,000 labour force less than June Quarter 2020.

## Unemployment Rate - Penrith



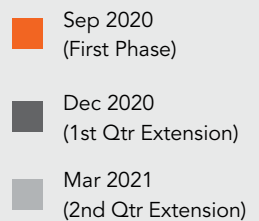
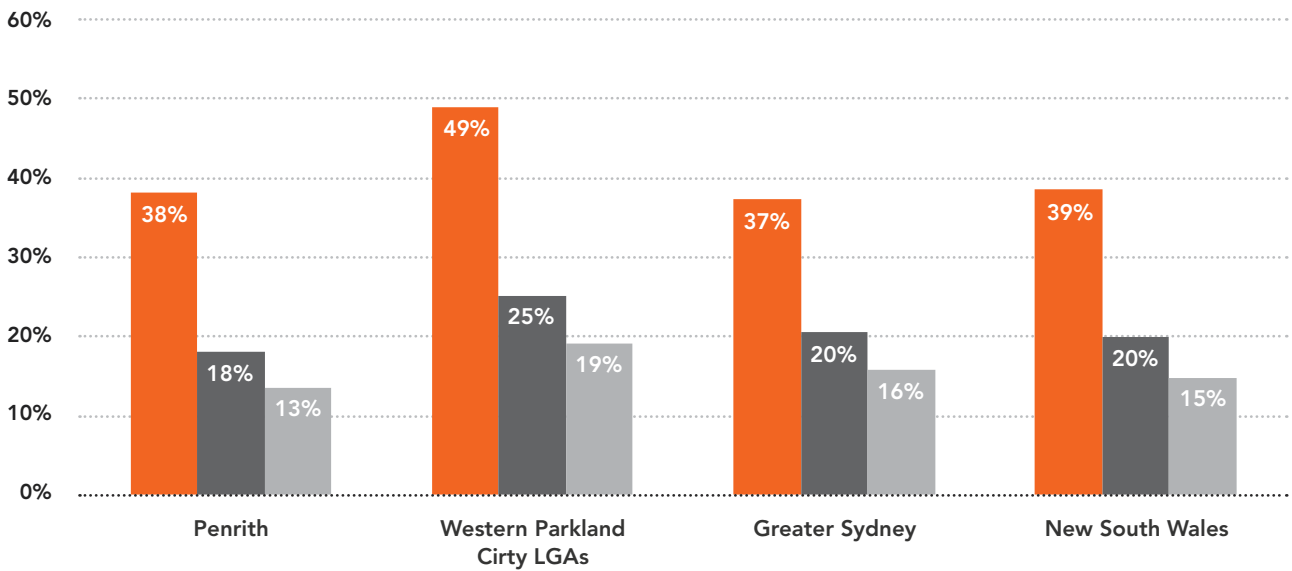
Source: ABS Labour force survey (2021); Department of Employment SALM (2021)

## BUSINESSES ACCESSING JOBKEEPER SUPPORT WERE LOWER THAN OTHER BENCHMARK AREAS

The City of Penrith had a lower share of businesses who applied for the first and the second quarter extended JobKeeper support compared to the other benchmark areas. The share was 7% less than the Western Parkland City LGAs average in the December Quarter 2020 and 6% less in the March Quarter 2021.

## Business Accessing JobKeeper

% of total businesses



Source: Treasury, 2021

# 3. RECENT IMPACTS

---

## Introduction

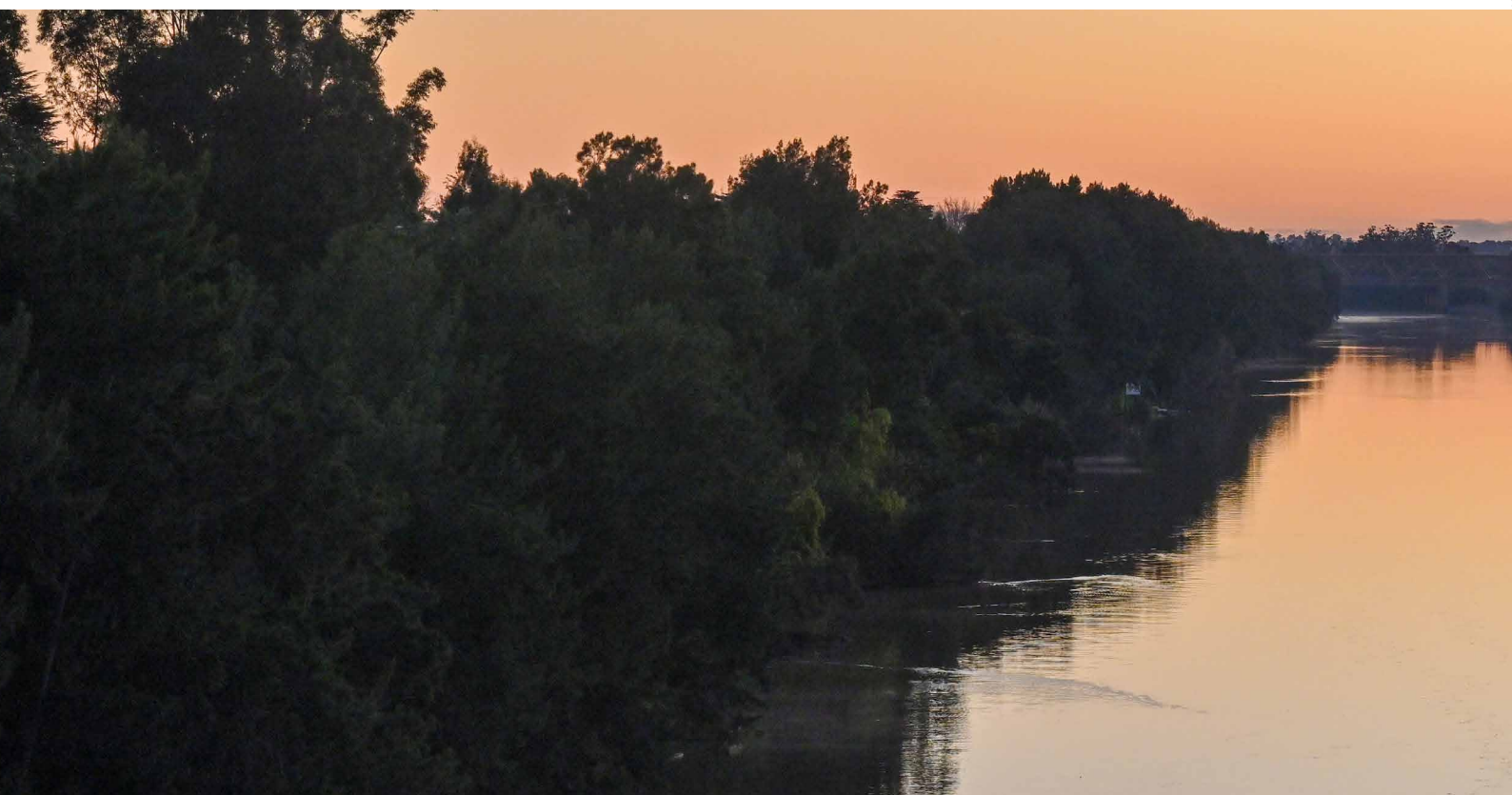
In late June 2021, the City of Penrith was plunged into another large-scale lockdown to contain the spread of COVID-19. The lockdown has delayed the economic recovery and put pressure on businesses. With less government support provided to businesses than last year, the economy remains highly susceptible to economic challenges as the year progresses.

**This chapter is split into the following sections:**

3.1 Recent impacts overview

3.2 Recent impacts on the City of Penrith economy

3.3 Other recent economic indicators



# 3.1

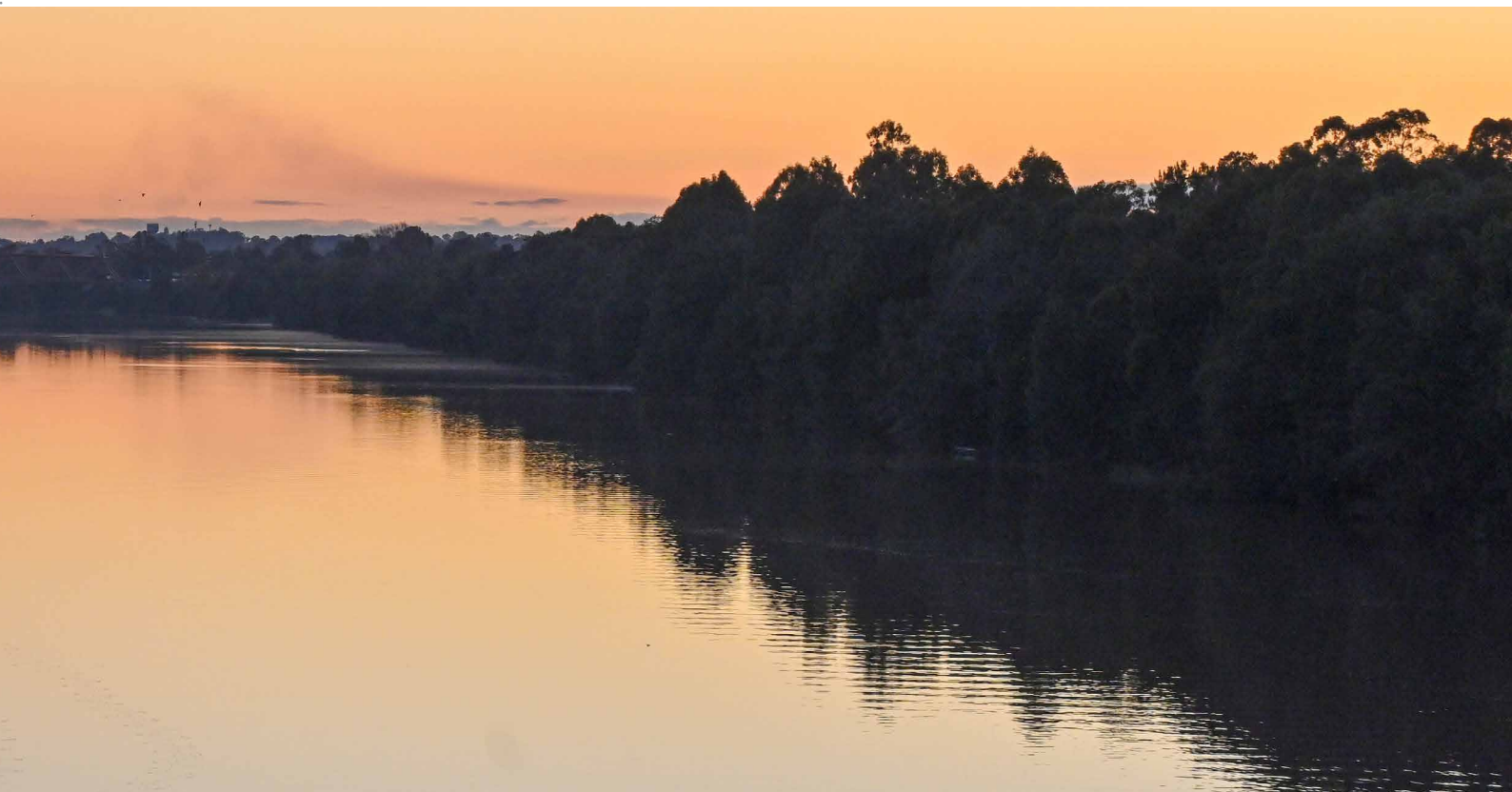
## Delta outbreak in 2021

In late June 2021, the City of Penrith was plunged into another large-scale lockdown to contain the spread of COVID-19. The lockdown has delayed the economic recovery and put pressure on businesses. With less government support provided to businesses than last year, the economy remains highly susceptible to economic challenges as the year progresses.

By mid-2021, Australia had begun to return to some sense of normality. However, in late June, the outbreak of the COVID-19 Delta variant in Greater Sydney meant another large-scale lockdown was put in place. This had a significant impact on the residents and businesses recovering from the initial impacts of COVID-19. Those accessing Jobseeker assistance has begun to slowly rise and with less government

support provided to businesses than last year, the economy remains highly susceptible to economic challenges as the year progresses. Some industries such as construction services are also being impacted due to supply chain disruption and skill shortages leading to delays in commencements. By September 2021, the labour force participation rate in Greater Sydney and New South Wales has plunged below the level experienced in May 2020.

Despite a strong recovery, the jobs and businesses in the City of Penrith are at risk. Especially, Hospitality, Retail, Arts and Recreation services continue to be the most impacted due to the social distancing measures. Many businesses are at risk and the Council can play an important role in supporting the recovery.



# 3.2

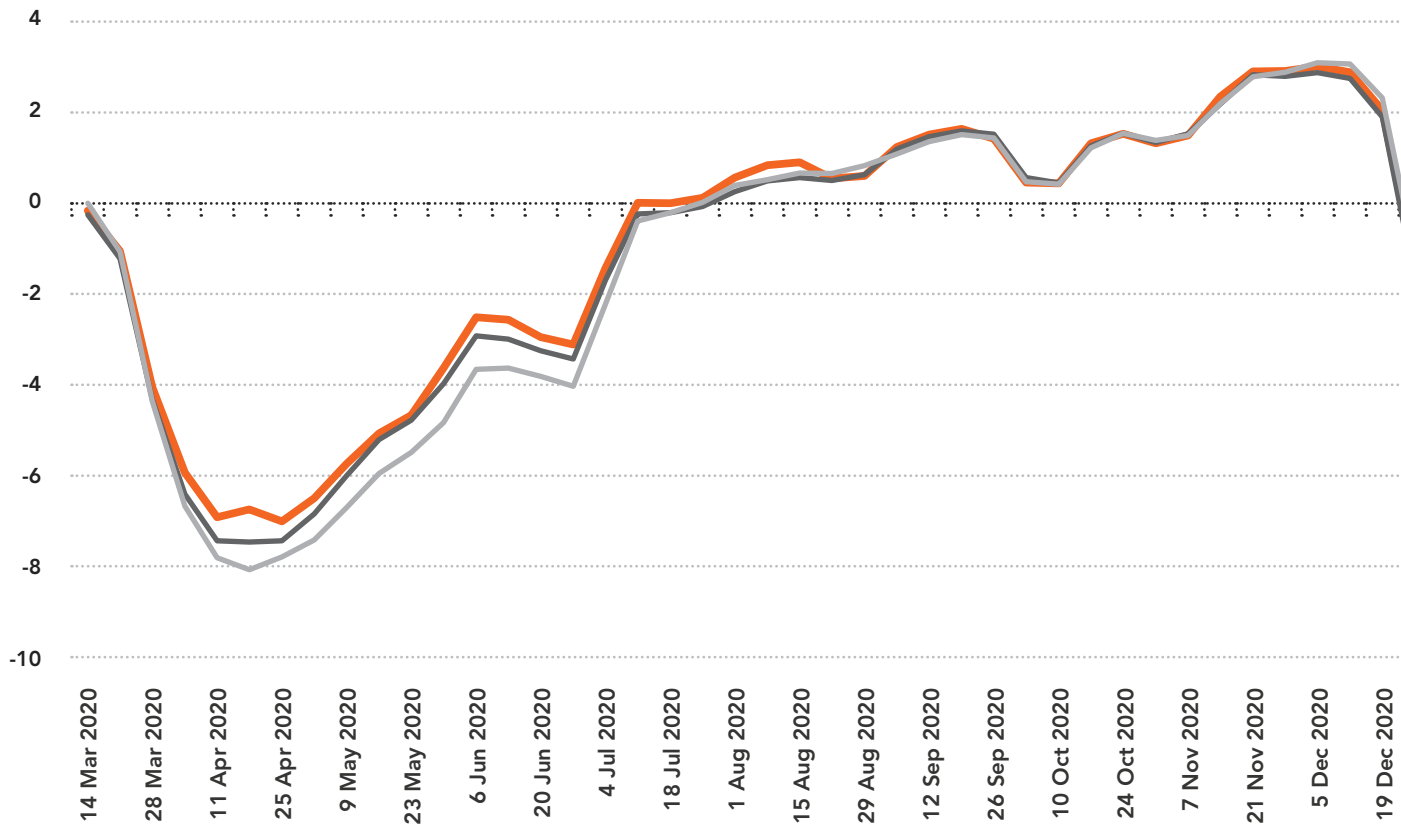
## Recent impacts on the City of Penrith Economy

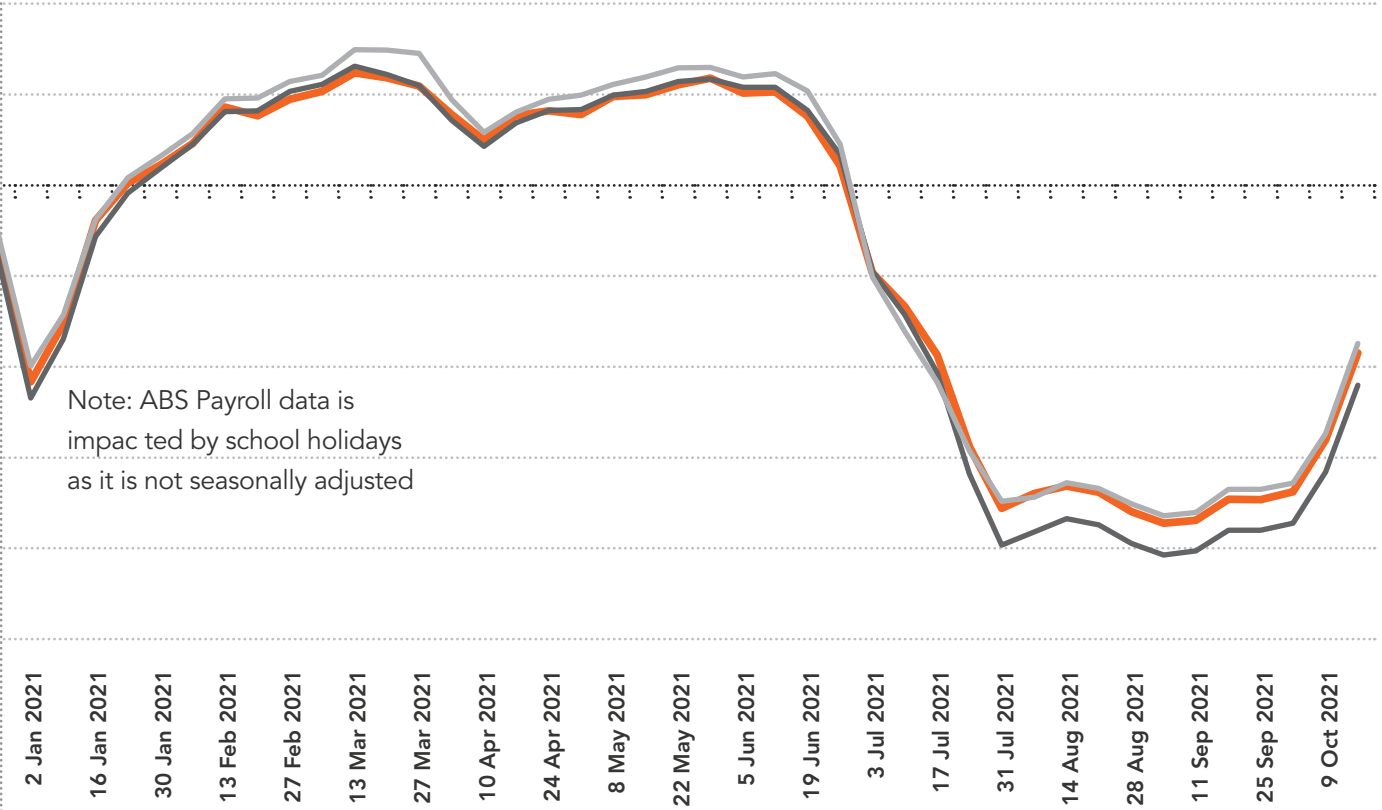
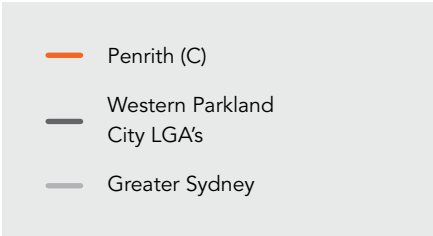
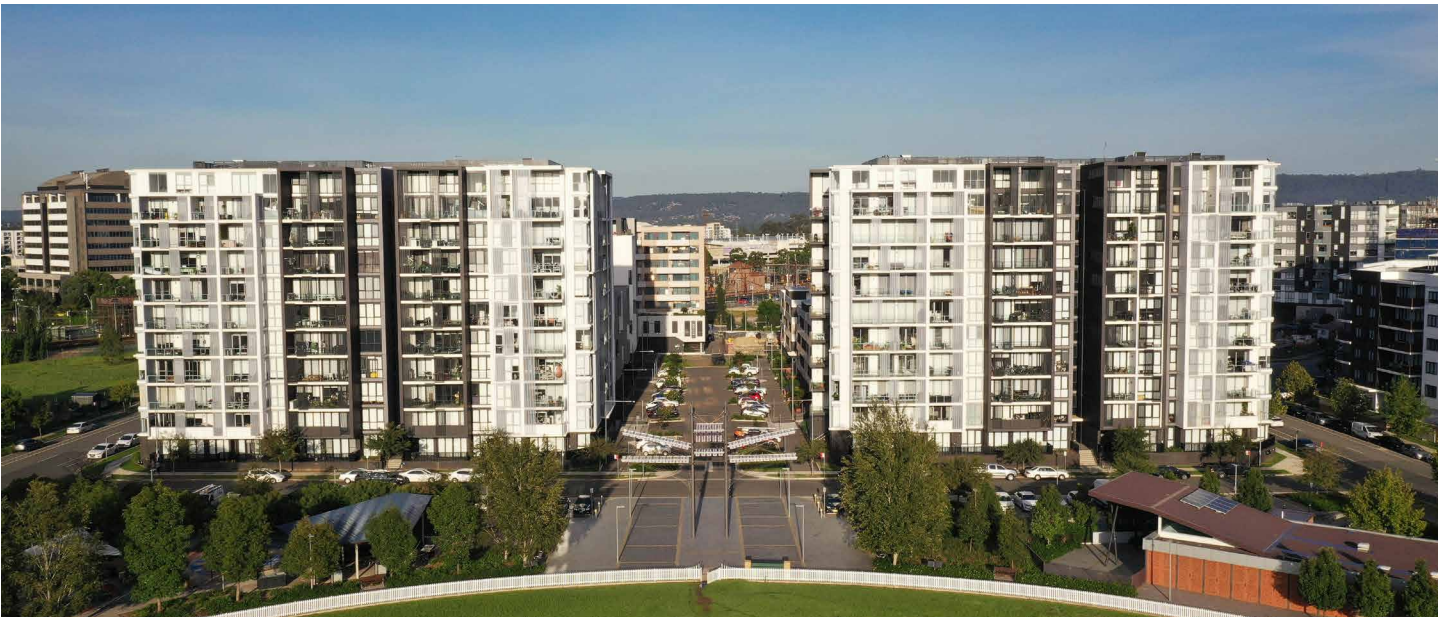
**PAYROLL JOBS WERE BACK BELOW PRE-PANDEMIC LEVELS. PAYROLL JOBS WERE STILL 3.5% BELOW MARCH 2020 LEVELS AT THE END OF OCTOBER 2021 DESPITE RECOVERY SIGNS.**

The fall in payroll jobs through July, August and September 2021 saw payroll jobs fall back below their pre-pandemic level (7.2% below). Apart from the seasonal fall after Christmas, payroll jobs in mid-September were the lowest they had been since the outbreak of COVID-19. The payroll jobs were recovering since October 2021 following the easing of restrictions.

### Payroll Jobs

%



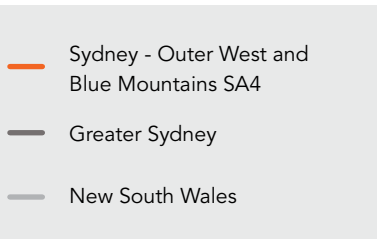
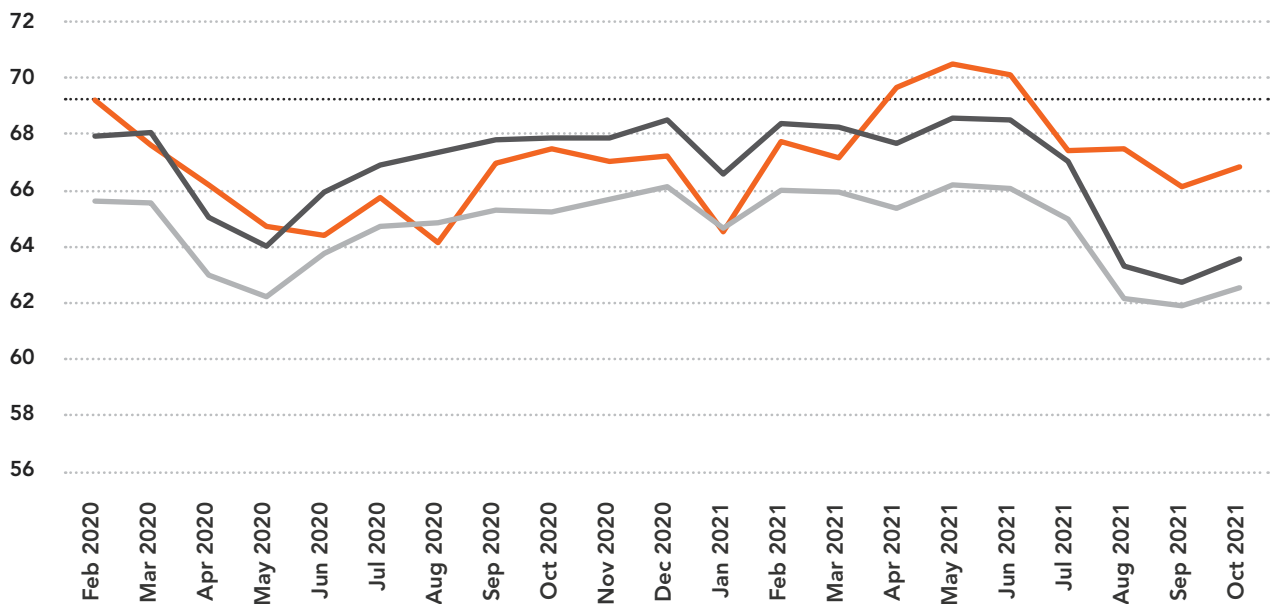


**SYDNEY - OUTER WEST AND BLUE MOUNTAINS SA4 RESIDENTS WERE EXITING THE JOBS MARKET. RETAIL, HOSPITALITY, CONSTRUCTION AND LABOUR OCCUPATIONS WERE MOST IMPACTED BY THE RECENT RESTRICTIONS IN THE SA4.**

The labour force participation rate bounced above the pre COVID-19 level in April 2021 in the Sydney–Outer West and Blue Mountains SA4. The rate was higher than Greater Sydney and the state averages. The recent impacts of COVID-19 decreased the rate from 70% in May 2021 to 67% in October, below the pre COVID-19 level (69%).

## Labour force Participation Rate by SA4

**%, pre COVID-19 benchmark = February 2020**



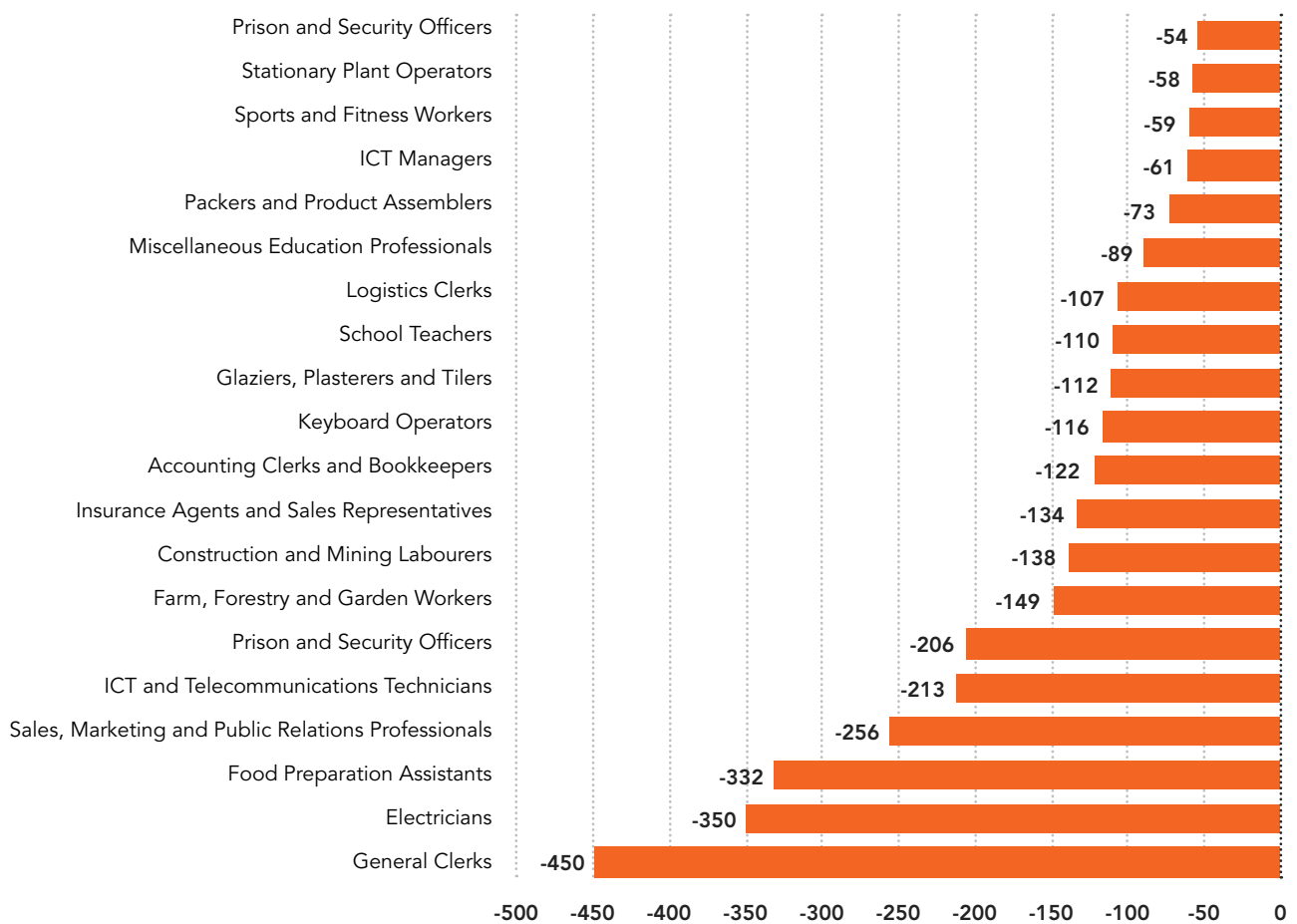
Source: ABS Labour Force, Australia. Detailed 2021



The occupations that were most impacted by the recent lockdowns in Sydney–Outer West and Blue Mountains SA4 were General Clerks, Electricians, Food Preparation Assistants. Generally, the most impacted occupations were in food services, retail trade, construction, general labour and sales occupations.

## Most Impacted Occupations

**Outer West and Blue Mountains, 15th June 2021 compared to 15th October 2021**



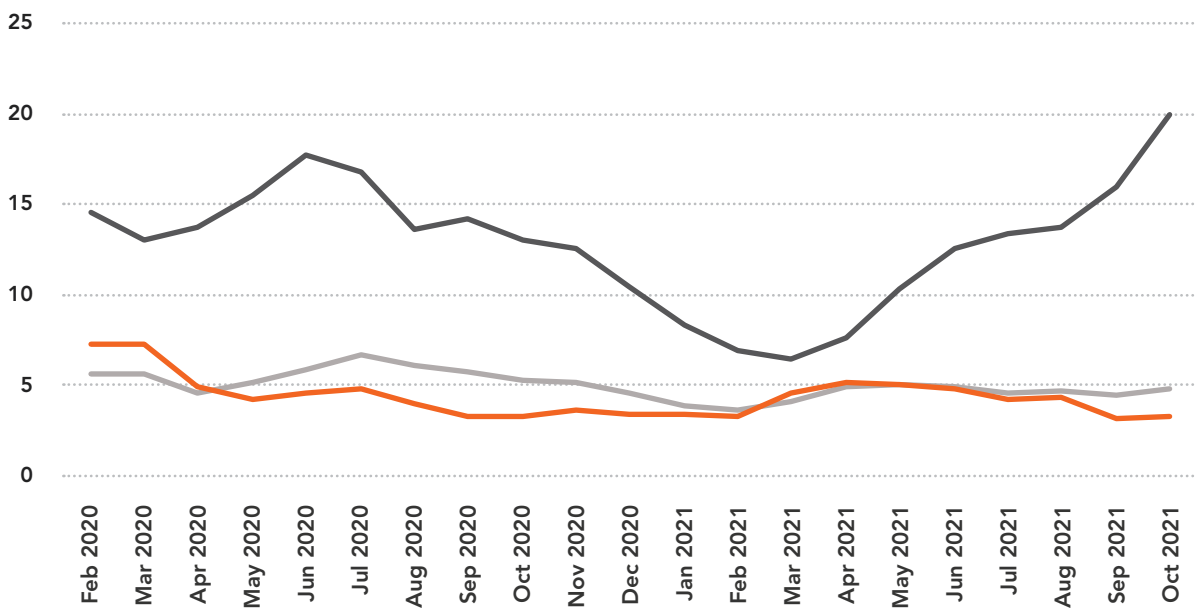
Source: Nowcast of Employment By Region and Occupation (NERO), 2021

**THE LATEST OUTBREAK DECREASED FEMALE PARTICIPATION IN THE JOBS MARKET MORE THAN MALE. YOUTH WORKERS ARE MORE SUSCEPTIBLE TO OUTBREAKS AND THEIR UNEMPLOYMENT AND PARTICIPATION RATES MORE VOLATILE.**

The female unemployment rate in Sydney – Outer West and Blue Mountains SA4 decreased since COVID-19, reaching an all-time low of 3.3% in January 2021. After a mild uptick from March to May 2021, the female unemployment rate trended down below the total all gender unemployment rate. The youth unemployment rate has increased significantly since April 2021, reaching an unemployment rate of 20% in October 2021.

## Unemployment rate - Sydney - Outer West and Blue Mountains

**%, 3 months rolling average**



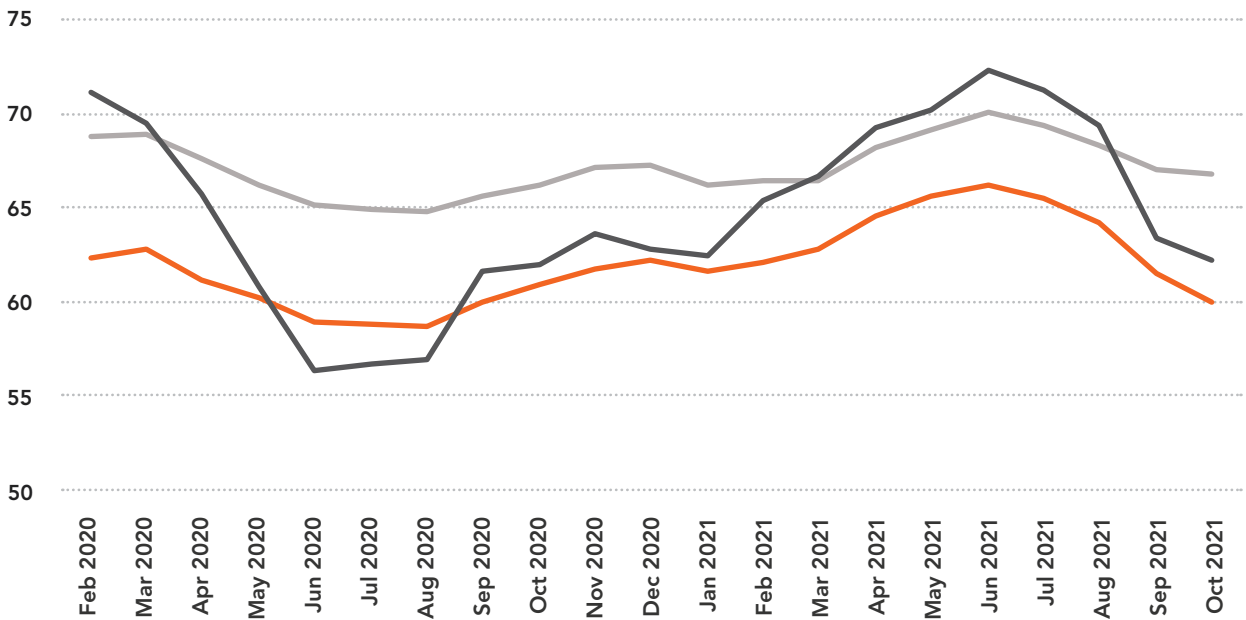
- All
- Female
- Youth (15-24 years)

Source: ABS Labour Force, Australia. Detailed 2021

The female labour force participation rate is significantly lower than the total all gender rate. Despite the recent increase (from August 2020 to June 2021), the participation rate is falling faster than the total all gender rate since July 2021. The youth labour force participation rates are more volatile than all other ages combined. Since the recent outbreak, the youth participation rate has decreased significantly.

## Participation rate - Sydney - Outer West and Blue Mountains

**% , 3 months rolling average**



Source: ABS Labour Force, Australia. Detailed 2021

**MORE WORKERS EXITED THE JOBS MARKET BECAUSE THEY HAVE GIVEN UP LOOKING FOR A JOB. HIGHER PROPORTION OF FEMALE WORKERS ARE MADE REDUNDANT AND EXITED THE JOBS MARKET.**

People exited the labour force market immediately following the outbreak of COVID-19. The biggest reason for exiting the labour market was 'Not

looking for work'. The largest proportional increase in the reason for not being the labour force was in 'Actively looked for work, unavailable to start, but available in next four weeks'. By December 2021, people exiting the labour force due to 'Actively looked for work, unavailable to start, but available in next four weeks' remains at an elevated level while other reasons have decreased to level similar to pre COVID-19.

## Reasons for Not in Labour Force - NSW

	FEB 2020 - NUMBER OF PEOPLE (‘000)	MAY 2020 - NUMBER OF PEOPLE (‘000)	DEC 2021 - NUMBER OF PEOPLE (‘000)	% CHANGE FROM FEB 2020 TO MAY 2020	% CHANGE FROM FEB 2020 TO NOV 2021
Actively looked for work but unavailable to start in next four weeks	6.7	5.0	6.1	-25%	-8%
Actively looked for work, unavailable to start, but available in next four weeks	10.3	15.1	16.2	46%	57%
Passively looked for work	32	41.2	31.4	28%	-2%
Did not look for work	1080.9	1313.8	1107.6	22%	2%
Permanently not intending to work (aged 65 and over)	871	859.1	886	-1%	2%
Permanently unable to work	208.5	190.2	220.5	-9%	6%
Institutionalised	68.5	83	67.2	21%	-2%

Source: ABS Labour Force, Australia. Detailed 2021

The number of workers made redundant (retrenchment) increased sharply following the outbreak of COVID-19. The proportional increase in female and youth workers made redundant was significantly higher than male workers. By December 2021, the number of people made

redundant fell below pre COVID-19 level except for female workers. Moreover, proportional more female workers who are made redundant are exiting the labour force rather than remain looking for work (unemployed).

## Retrenchment by Labour Force - Australia

		FEB 2020 - NUMBER OF PEOPLE (‘000)	MAY 2020 - NUMBER OF PEOPLE (‘000)	DEC 2021 - NUMBER OF PEOPLE (‘000)	% CHANGE FROM FEB 2020 TO MAY 2020	% CHANGE FROM FEB 2020 TO NOV 2021
Retrenched (in previous quarter)	Total	148	573	129	286%	-13%
	Male	95	293	72	207%	-24%
	Female	53	279	56	429%	7%
	Youth (15-24)	34	177	25	426%	-27%
Retrenched and currently employed	Total	74	170	72	128%	-3%
	Male	46	88	40	92%	-12%
	Female	29	82	32	186%	13%
	Youth (15-24)	16	44	12	181%	-24%
Retrenched and currently unemployed	Total	54	226	30	319%	-45%
	Male	38	123	18	222%	-53%
	Female	16	103	12	552%	-25%
	Youth (15-24)	14	70	8	415%	-45%
Retrenched and currently not in labour force	Total	20	177	27	788%	35%
	Male	12	83	14	612%	24%
	Female	8	94	12	1038%	49%
	Youth (15-24)	4	63	5	1374%	20%

Source: ABS Labour Force, Australia. Detailed 2021

**THERE IS A LARGE MISMATCH IN VACANT JOBS AND UNEMPLOYED WORKERS AS BUSINESSES IN SYDNEY IS EXPERIENCING MORE DIFFICULTIES FILLING VACANT ROLES. ESPECIALLY, ICT, RETAIL AND HOSPITALITY BUSINESSES ARE FINDING MORE DIFFICULTIES FILLING ROLES POST COVID-19.**

The COVID-19 outbreak has increased difficulties businesses find workers in Greater Sydney. In March 2020, there was around 41,000 internet jobs vacancy in Greater Sydney. In December 2021, internet vacancy increased to 58,678 vacancies, an increase of 17,677 vacancies (or +41%) compared to March 2020.

High skilled workers remains on top of the jobs vacancies in Greater Sydney. ICT Professionals vacancy numbers were highest at 5,412. The role was already in high vacancy before COVID-19 but further increased by 1,606 jobs vacancies. Corporate Managers and Business, Finance and

Human Resources professionals are remain in high demand at 3,400 and 3,219 jobs vacancies.

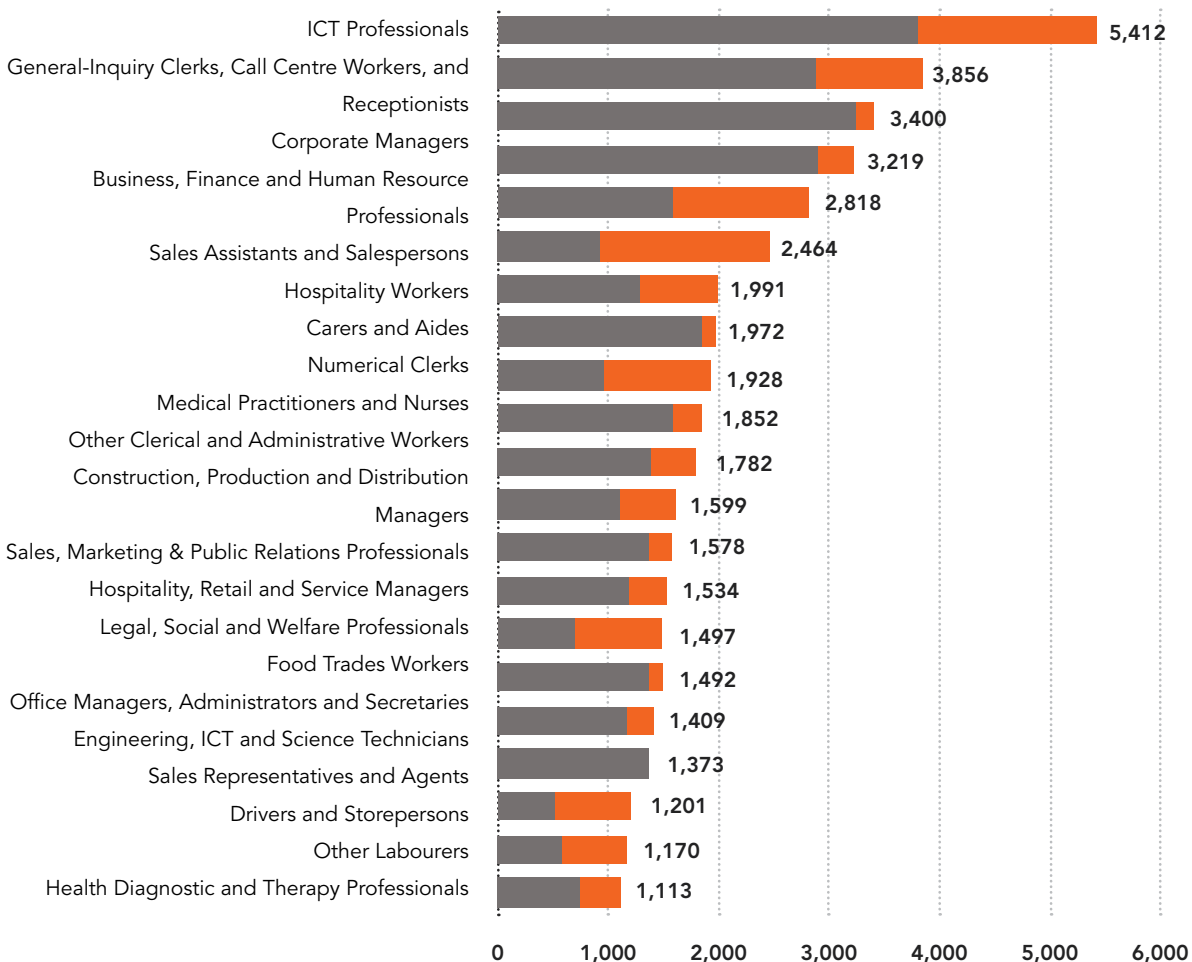
The outbreak of COVID-19 has also increased the demand for lower skilled workers. General Clerk and Call Centre workers, Sales and Hospitality jobs vacancies increased significantly compared to pre COVID level.

COVID-19 has also increased the demand for health care and social assistance workers. Medical Practitioners and Nurses and Carers and Aides jobs vacancies increased to, respectively, 1,928 and 1,991.

## Change in Internet Jobs Vacancy

**Greater Sydney, December 2021 compared to March 2020**

■ Mar 2020  
■ Increase in Dec 2021



Source: Internet Vacancy Index, 2021

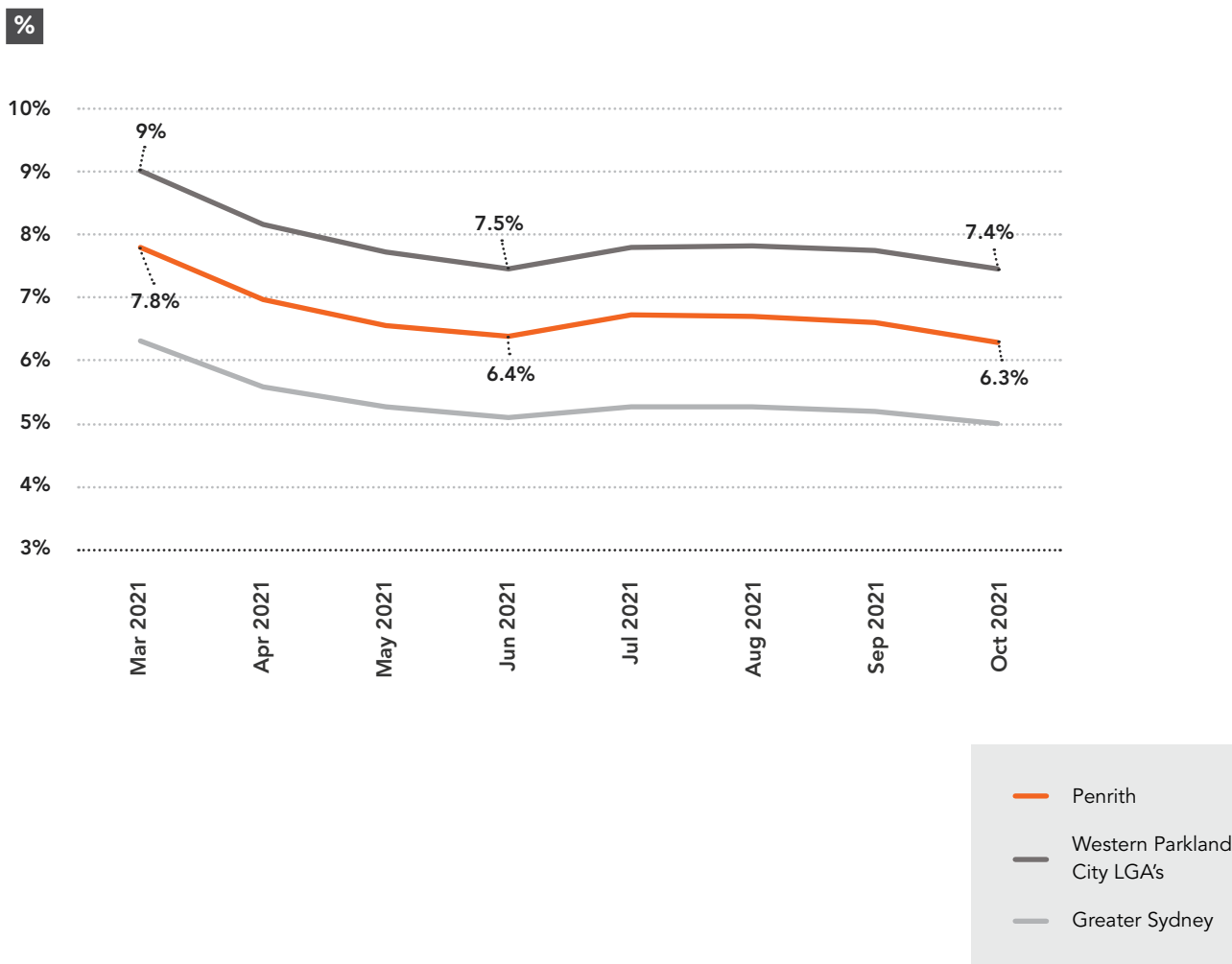
# 3.3

## Other recent economic indicators

**RESIDENTS ON JOBSEEKER PAYMENTS WAS LARGELY UNCHANGED BY THE LATEST LOCKDOWN. BY OCTOBER, RESIDENTS ON JOBSEEKER PAYMENTS IN MOST AREAS WERE BELOW THE JUNE 2021 LEVEL.**

The impact of the latest lockdown on the share of 15 to 64 years old Penrith residents receiving JobSeeker payments were low. In July 2021, the share of residents on JobSeeker payments was 6.7%. The share decreased to 6.3% in October 2021, 0.1% lower than the rate in June 2021. The low impact is likely due to the already low labour force participation rate.

### Share of residents on JobSeeker - Penrith

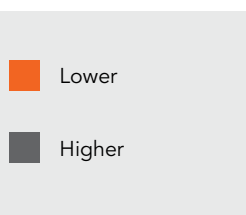
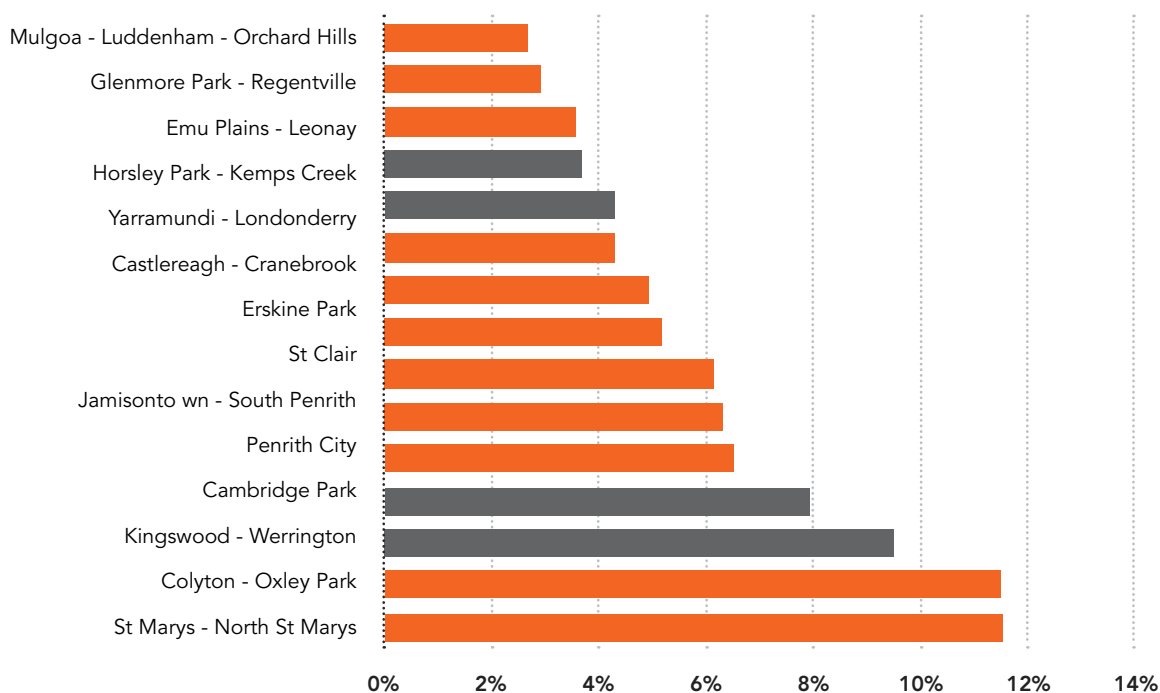


Source: Department of Social Services - JobSeeker and Youth Allowance recipients

In most areas, the share of residents on JobSeeker payments in October 2021 was lower than the share in June 2021. Of the 15 areas in Penrith, only 4 areas had a share of JobSeeker recipients in October higher than June 2021.

## Share of residents on JobSeeker by area - Penrith

**%, October 2021**



Source: Department of Social Services - JobSeeker and Youth Allowance recipients



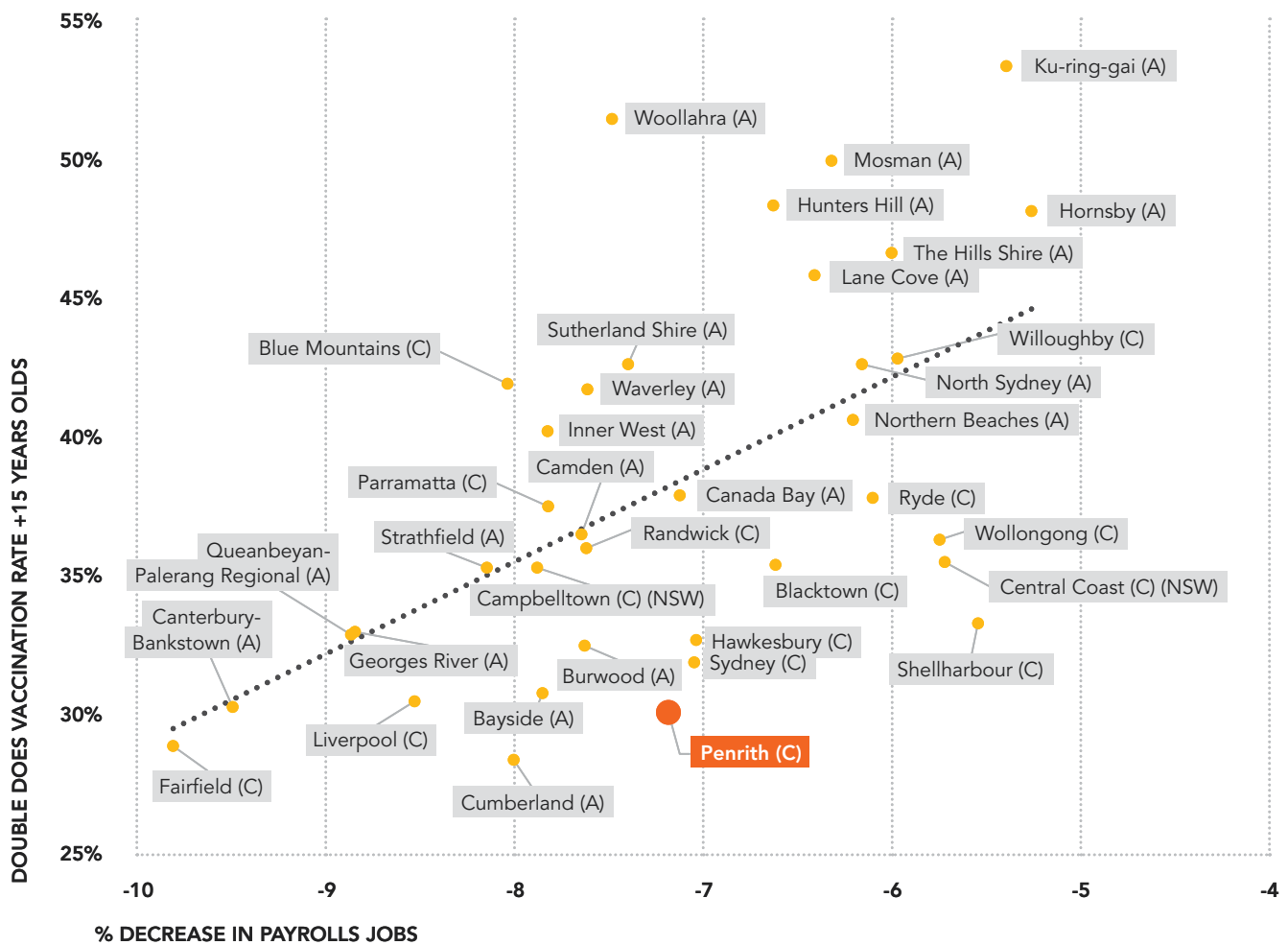
**PENRITH PAYROLL JOBS WERE RELATIVELY LESS IMPACTED DESPITE THE LOWER VACCINATION RATES**

The impact of the delta variant outbreak in 2021 varied significantly between NSW LGAs. The difference can be attributed to

several factors, such as geography and economic profile. One of the factors that appear to have a high correlation with the decrease in payroll jobs is the vaccination rate. Penrith payroll jobs decrease was relatively lower than other Urban LGAs, despite having a lower vaccination rate.

**Decrease in payroll jobs compared to vaccination rates**

**NSW Urban LGA's, as at 28th August 2021**



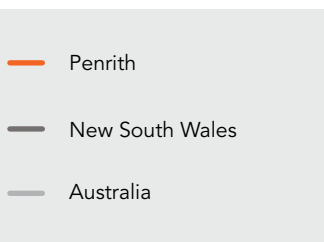
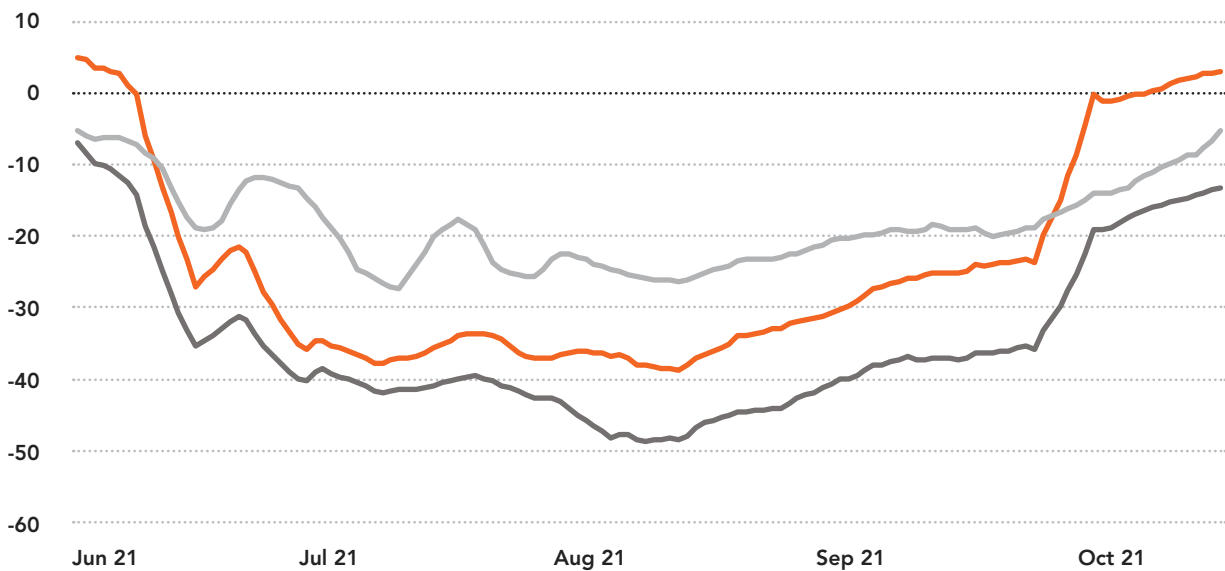
Source: Department of Health, COVID-19 Geographic vaccination rates – LGA; ABS Weekly Payroll Jobs and Wages in Australia

**RETAIL AND HOSPITALITY VISITS RECOVERED STRONGLY FOLLOWING THE EASING OF RESTRICTIONS. VISITS TO THE PLACE OF WORK WERE STILL WELL BELOW THE PRE COVID-19**

Travel movements to the place of retail, hospitality and recreation fell by almost 40% in June and July 2021 compared to the pre COVID-19 baseline level. However, the visits bounced above the pre COVID-19 level in October following the easing of restrictions in Greater Sydney.

## Travel movements to place of retail and recreation - Penrith

**% change from base week, 7 day average**

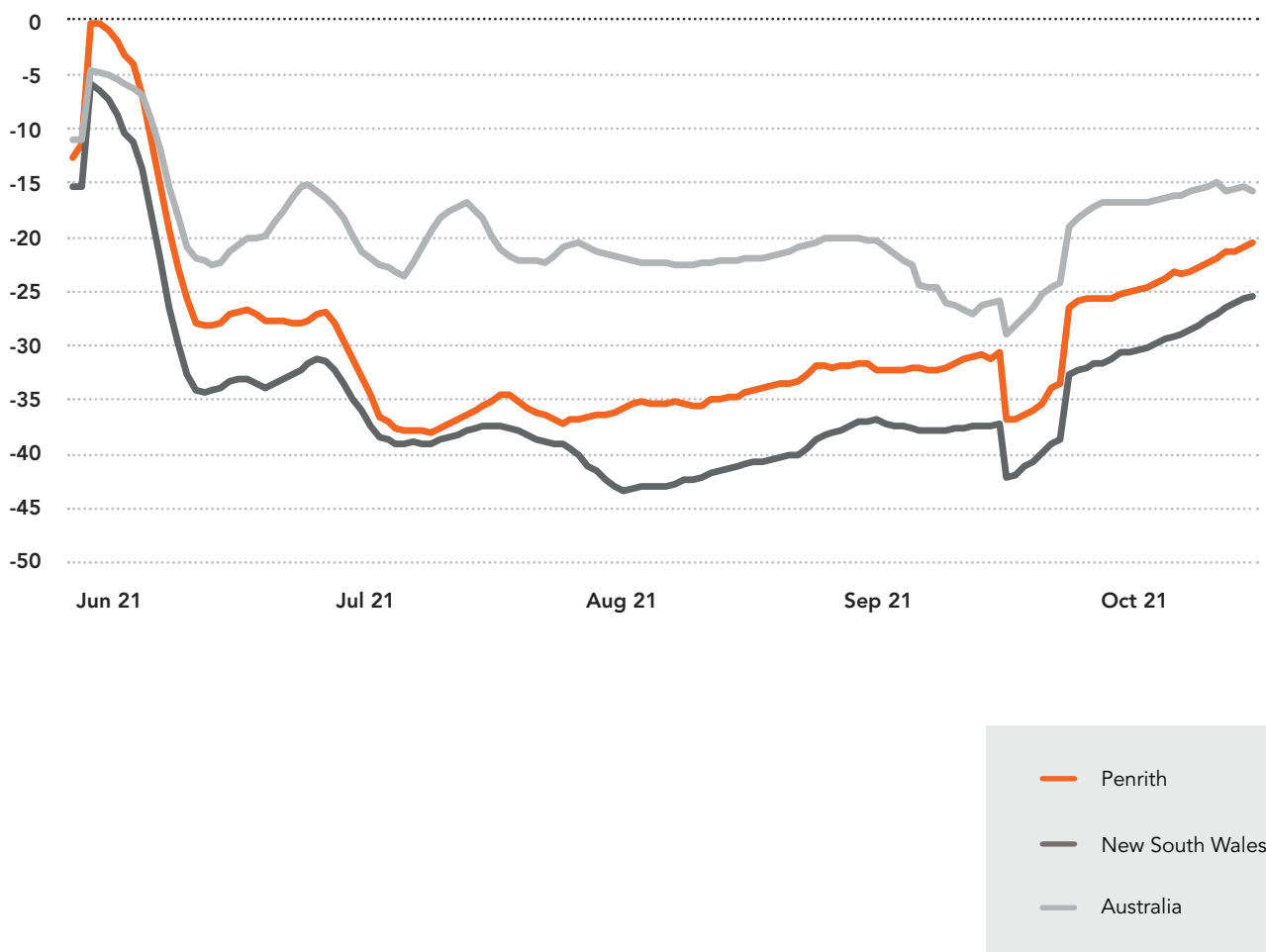


Source: Google Mobility Data, 2021

Travel movements to the place of work were also significantly affected by the lockdown, decreasing by around 40% in July 2021. The recovery in movements to the place of work was slow. The movements were 20% below the pre COVID-19 baseline level in November 2021.

## Travel movements to place of work - Penrith

**% change from base week, 7 day average**



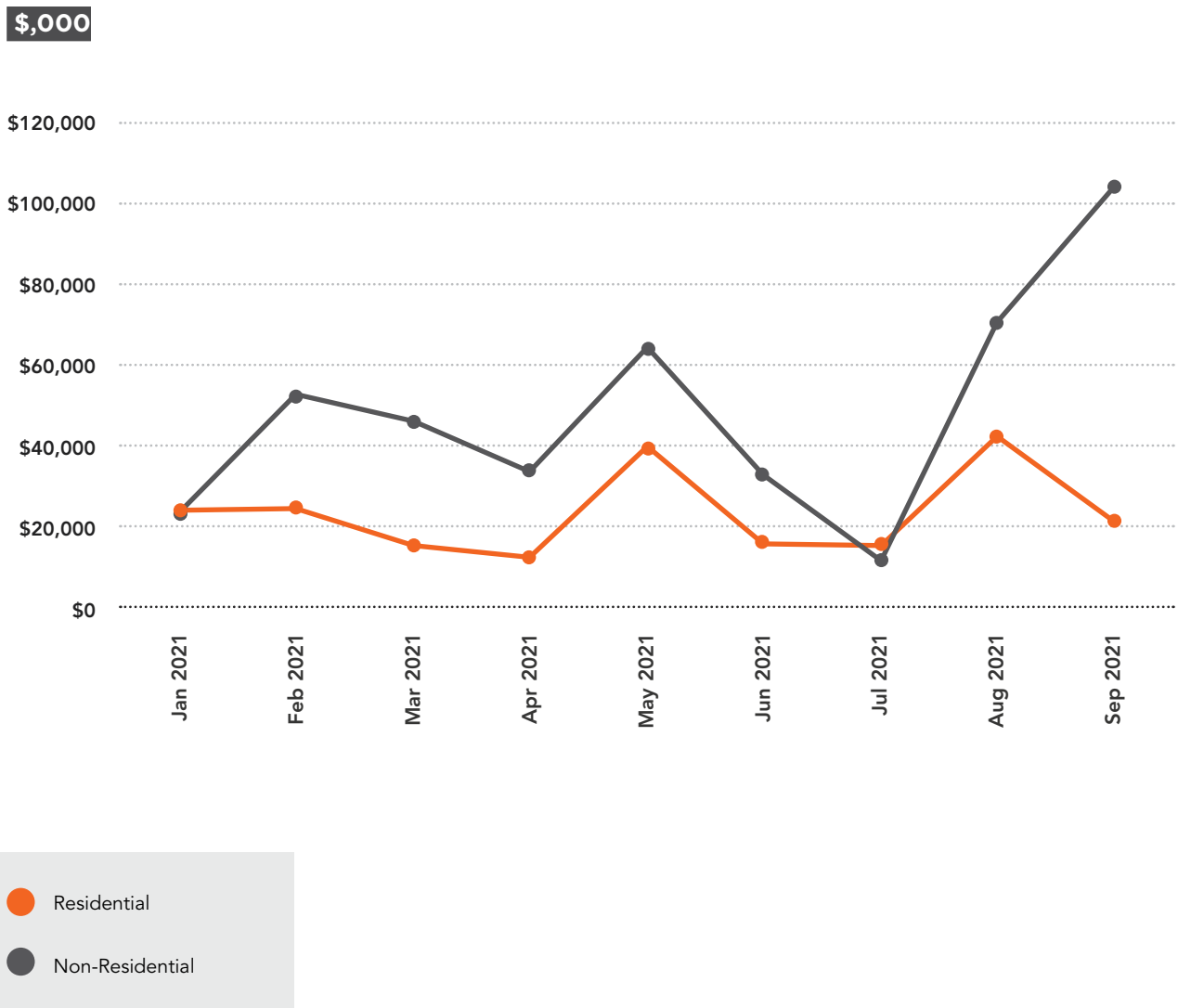
Source: Google Mobility Data, 2021

### LOW IMPACTS ON BUILDING APPROVALS ACTIVITY

The recent lockdown had a limited impact on Non-Residential building

approvals. After an initial dip in July, the approvals activity rebounded in August and September driven by warehouses (\$80M) and health buildings (\$46M). The level of Residential building activity following the recent lockdown remained similar to the level before.

## Monthly Value of Building Approval - Penrith



Source: ABS Building Approvals 2021

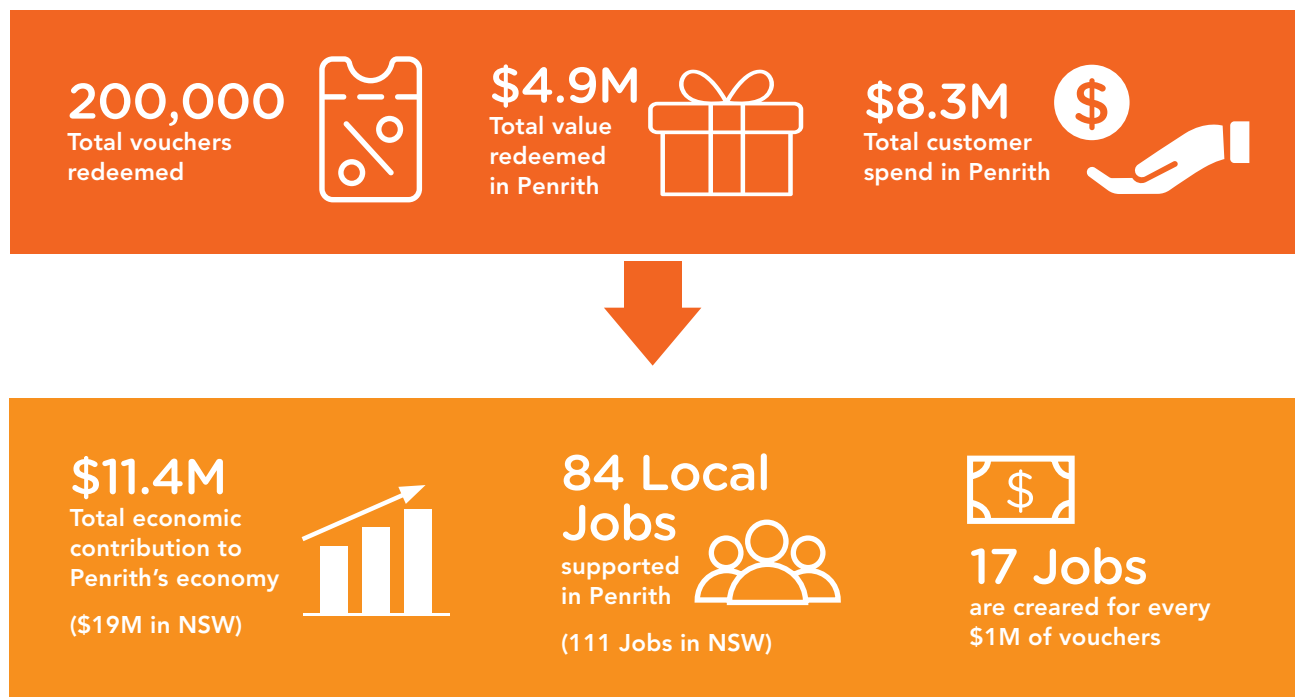
The retail, hospitality and entertainment industries were significantly impacted by the social distancing measures. The NSW Government Dine and Discover vouchers are successful in encouraging the community to get out and support these industries to recover.

In Penrith, around 200,000 vouchers, totalling \$4.9M in value redeemed from 11 February 2021

to 15 February 2022. This generated over \$8.3M in spending during the same period.

The spending created a flow on effect through linkages with other businesses and from workers spending money. In Penrith, the vouchers generated \$11.4M in total output, \$3.1M in additional output. This supported 84 jobs, creating 17 jobs per \$1M in vouchers redeemed.

## Economic Impacts of Dine & Discover NSW Vouchers in Penrith\*



# 4. TRENDS, CHALLENGES AND OPPORTUNITIES FOR THE CITY OF PENRITH

---

## Introduction

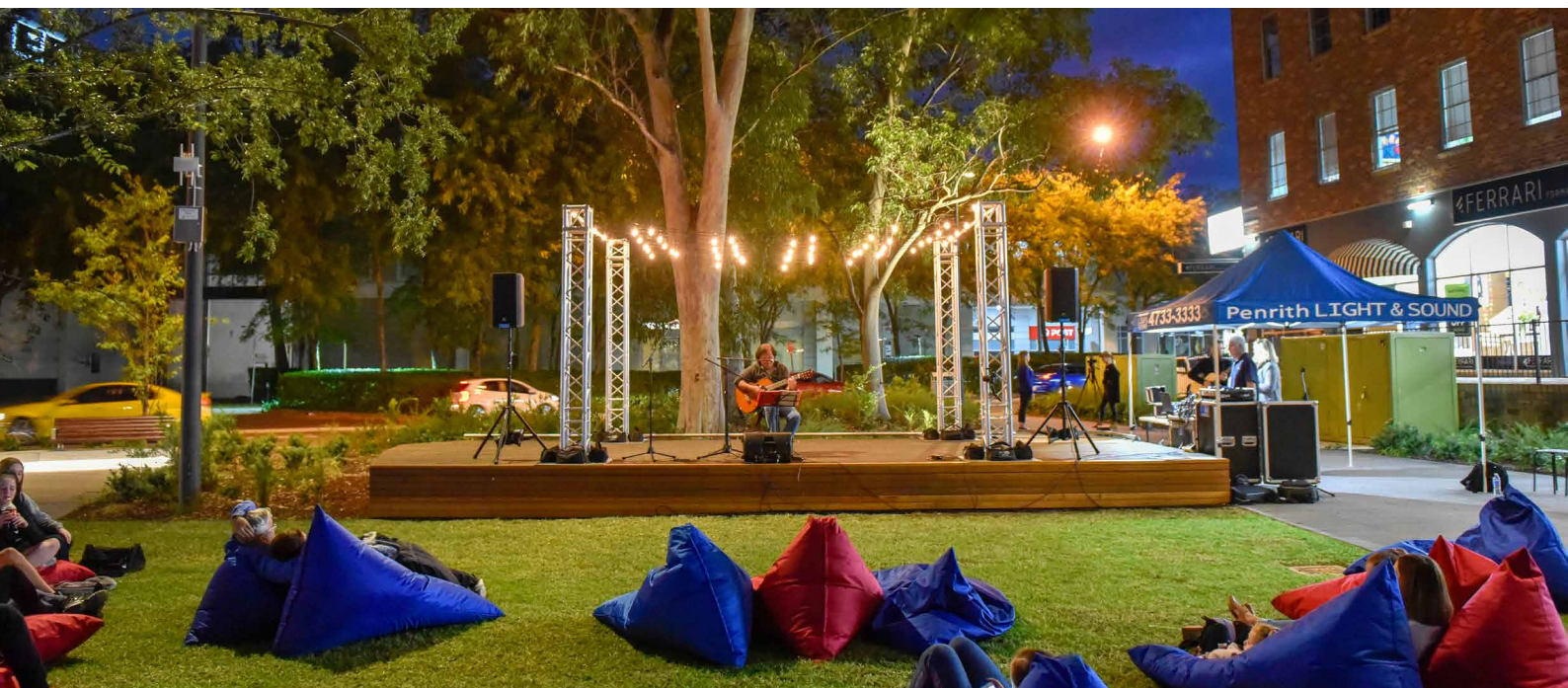
The previous sections in this report highlighted the scale and trajectory of the economic and jobs impact of COVID-19 in the City of Penrith. Going forward, long-term macroeconomic trends and broad industry level risks and opportunities will affect the future direction of the Penrith economy.

This section draws on analysis from previous sections and broader macro analysis to evaluate how the economy is currently placed in terms of employment trajectories and trends unfolding.

**This chapter is split into the following sections:**

4.1 Trends evolving and unfolding

4.2 Key industry outlooks



# 4.1

## Trends evolving over recent decades and unfolding in the next few decades

### COVID-19 WILL PRESENT NEW AND ACCELERATE LONG TERM CHALLENGES AND OPPORTUNITIES

Penrith's economy has been shaped over the last decade by macro trends that influence headline and specific industry growth. Some of these trends are still relevant today and may be elevated or of greater importance due to COVID restrictions we have seen. For example, labour participation risks due to an ageing population have resurfaced as an issue due to the fall in migration of younger working age residents from overseas.

### Trends evolving over recent decades



Increasing demand for qualified workforce



Ageing population driving health services



Climate change influencing investment decisions



Urbanisation/agglomeration spillovers driving increases in employment density



International migration driving population growth



E-commerce becoming common place

History also shows that the recovery period following economic downturns can accelerate the transition of industries or magnify trends that were already emerging in the economy. Some of these, such as the integration of 5G technology, still have a long way to go in terms of their impacts on sector or business transition.

### Trends unfolding in the next few decades



Increase in remote working



5G, smart everything and IoT



AI and automation



Rebalanced supply chains



Circular economy

## Existing trends will continue to shape the region

### INCREASING DEMAND FOR QUALIFIED WORKFORCE



Only 30% of employed 25 to 44 yr olds were degree educated in 2016 whereas 40% were for Australia as a whole and 50% for Greater Sydney.

**IMPLICATION:** Industry growth and development, especially in professional business service areas, may be limited by education levels.

### AGEING POPULATION DRIVING HEALTH CARE



Health care and social services, especially Hospitals, is the leading employer for the region and above the state and metro average. The redevelopment of Nepean Hospital will entrench this specialisation.

**IMPLICATION:** Continued health growth expected, need to explore higher value health services or med-tech opportunities.

### CLIMATE CHANGE INFLUENCING INVESTMENT DECISIONS



Penrith City Council has been recognised for a number of initiatives to address climate change issues e.g. Cooling the City campaign. Businesses are increasingly looking for sites that can allow for reduced emissions and/or have security in energy and water supply.

**IMPLICATION:** Industry growth and development, especially in professional business service areas, may be limited by education levels

### URBANISATION/ AGGLOMERATION SPILLOVERS DRIVING DENSITY



Intensification of commercial and residential development at key transport nodes across Sydney continues. Numerous locations are developing 'precincts' to better attract investment and encourage collaborations.

**IMPLICATION:** 'The Quarter' at Penrith aims to intensify business and employment density however the geographic coverage is too large for spillovers unless strong connective infrastructure is invested in to knit the physical fabric together.

### INTERNATIONAL MIGRATION DRIVING POPULATION GROWTH



Population growth in Penrith has been on par with the Greater Sydney average in recent years but less driven by international migration. In the 4 years to 2020, 23% of growth was from this source compared to 85% at the metro level.

**IMPLICATION:** The short term restriction on international migration may not impact Penrith as much as other areas.

### E-COMMERCE BECOMING COMMON PLACE



NSW experienced a 50.5% YoY growth in online sales in 2020 and 35% of respondents to an ABS survey indicated they prefer to shop online now more than they did before the pandemic.

**IMPLICATION:** Penrith's Digital Strategy consultation highlighted that many local businesses with low digital literacy may be missing market opportunities; warehousing and logistics demand in Penrith will grow as online shopping and delivery needs increase.



## Penrith has an established remote working resident profile to build on



### INCREASE IN REMOTE WORKING

A McKinsey report showed that most professional business services work, up to 3/4 for financial services, could be done from anywhere without loss of productivity. A remote working survey for NSW suggested most office workers would prefer a hybrid model – 2 to 3 days from home.

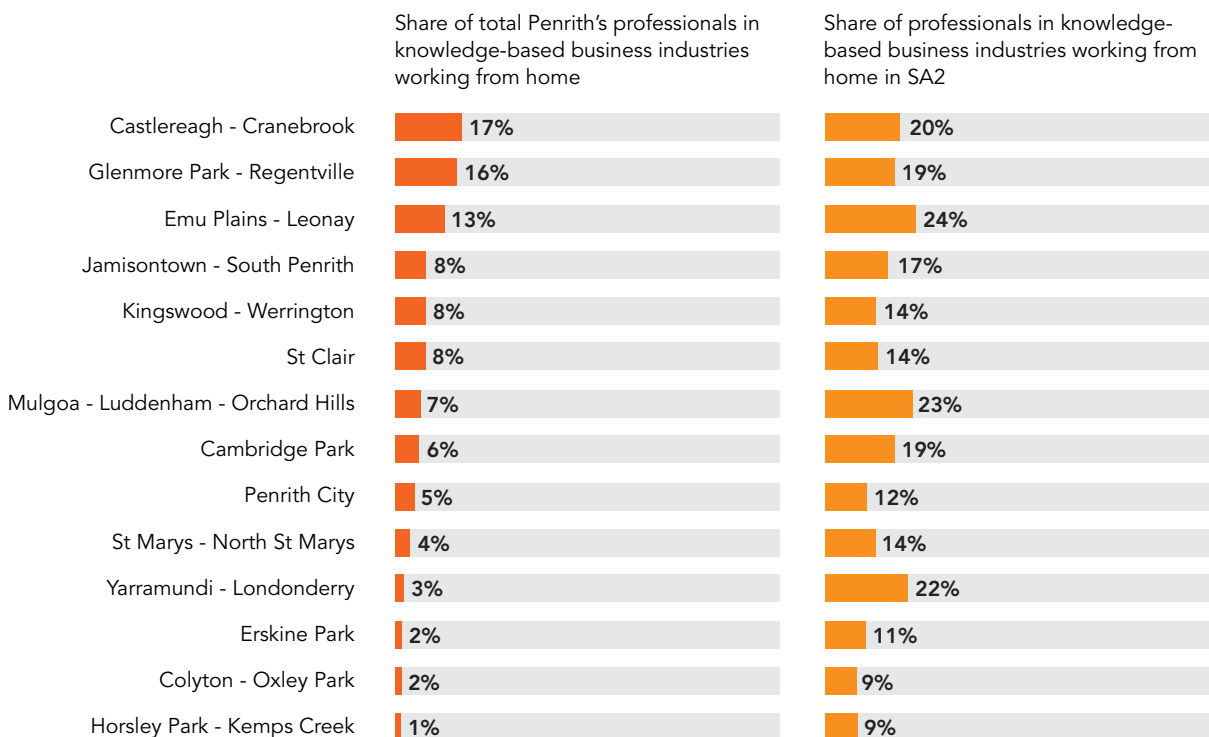
The City of Penrith had a reasonably high share of working residents (17%) in professional knowledge-based business roles working from home in 2016 (compared to 14% for Greater Sydney). The location with the largest amount of these working residents in 2016 was Castlereagh–Cranebrook SA2 with 17% of all the LGA's working from home professionals in knowledge-based business

industries. However, some areas like Emu Plains–Leonay had a higher proportion of professionals in knowledge-based business industries who worked from home (24%) at the time of the Census.

### IMPLICATION:

- Clear base of residents who are already working flexibly or would benefit from remote working e.g. less commuting
- Penrith offers many facilities and close access to natural assets that could be attractive to residents considering a move to remote working
- Potential to re-purpose under-utilised office/retail space to support co-working facilities
- Targeted marketing could be delivered aimed at people to stay at home or work at co-working facilities.

## Employed residents working from home in knowledge based business services professional occupations by sa2, 2016



Source: ABS Census 2016

# Penrith manufacturing businesses can grow value from Industry 4.0 technology

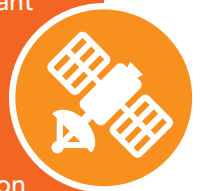
## 5G, SMART EVERYTHING AND IOT

Smart capabilities beyond home settings have been limited to date. With 5G, many companies in manufacturing, mining, construction, transport and agriculture will get a reliable alternative that enables the communication critical for mobile tools, machines, and robots. Industry 4.01 applications are set to grow substantially with manufacturing expected to benefit the most. However, other areas such as smart cities, smart energy grids and med-tech can all benefit.

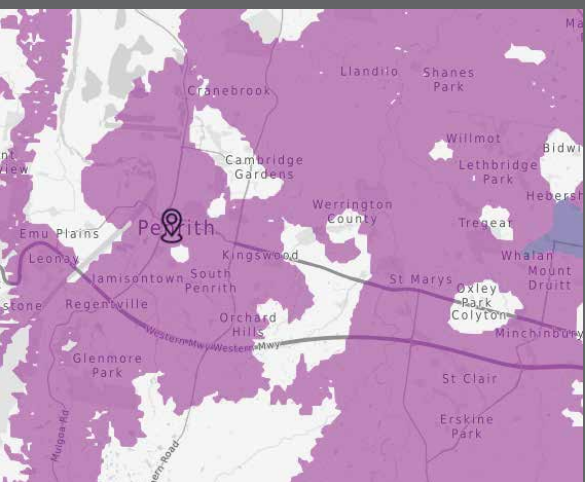
The City of Penrith has potential to generate substantial value from businesses adoption of these technologies. Manufacturing and Construction are well over-represented compared to the Greater Sydney average (1.5 times and 1.8 times value added share respectively). Amazon’s significant investment in the region with the Robotics Fulfillment Centre can be leveraged for further investment and collaboration for skills development.

### IMPLICATION:

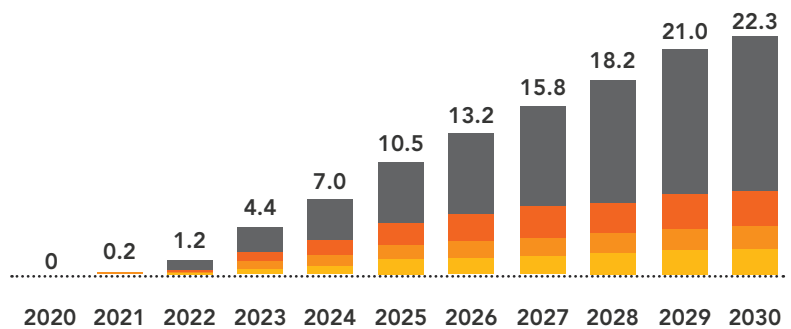
- Telstra’s roll out of 5G is still patchy and needs greater coverage in some areas including WSU Werrington Campus
- Industry 4.0 opportunities are strong in key sectors - Construction, Manufacturing
- Explore collaborative industry relations with Amazon
- Encouragement of students into relevant new courses is needed e.g. WSU’s Diploma in Aerotropolis Industry 4.0 (Mechatronics Skills)
- Investigate and encourage collaboration with local suppliers who can support Smart Western City Program initiatives.



### Telstra 5G coverage map



### 5G IoT advancements are set to impact manufacturing the most



Forecast 5G IoT unit sales for Industry 4.0 applications (distinctive B2B use cases only) Million units

- Manufacturing
- Construction and mining
- Supply chain
- Agriculture

# AI can support increased value in health and transport sectors

## AI AND AUTOMATION

It is estimated that about half of the activities (not jobs) carried out by workers could be automated, but only about 5 percent of occupations could be fully automated by currently demonstrated technologies.<sup>1</sup> This suggests job role changes will be more commonplace than job losses.

AI is already impacting industries via the way activities like tailored user specific marketing has occurred. The potential is still unraveling in many industries and some set to be impacted the most include health, logistics and finance.

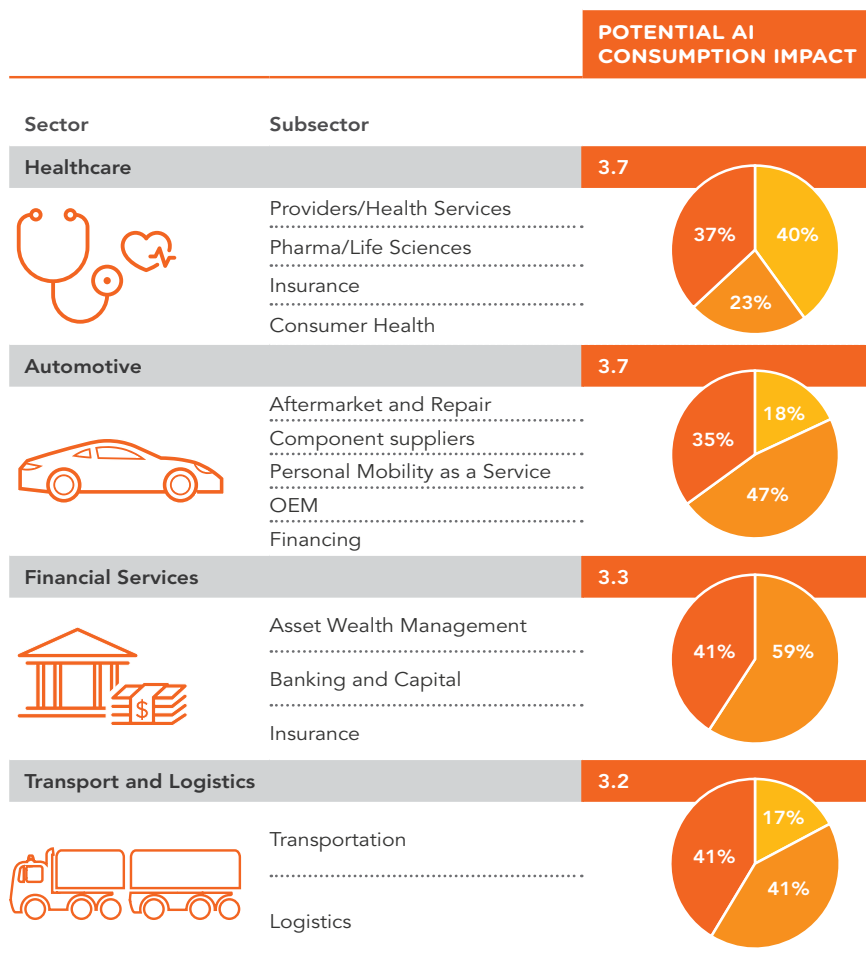
The City of Penrith has potential to generate substantial value AI technologies are supported in key industries such as healthcare and transport.



### IMPLICATION:

- AI opportunities are strong in key sectors – Health and Social Services and Transport
- Opportunity to build a strong tele-health industry tested on local market but exported anywhere
- Identification of occupations at risk in the region from AI and automation is merited

## Key industries to benefit from AI impacts



# WSA can support a reduction in local business supply chain costs

## REBALANCED SUPPLY CHAINS

Cost differences among developed and many developing countries are narrowing due to technological advances. The importance of local supply to offset disruptions, freight costs and improve national security is increasingly important.

Consumers have shown willingness to adapt spending during the pandemic to 'buy local'. Businesses have demonstrated capability to transform production or scale up to new demand e.g. All Cast PPE which opened a new manufacturing facility in Penrith to cater for increased demand.

The Western Sydney Airport will increase opportunities for new logistics activities as well as potentially reduce cost for companies that rely on high value small quantity inputs. Amazon's arrival can help support small businesses through its extended supply chain needs.

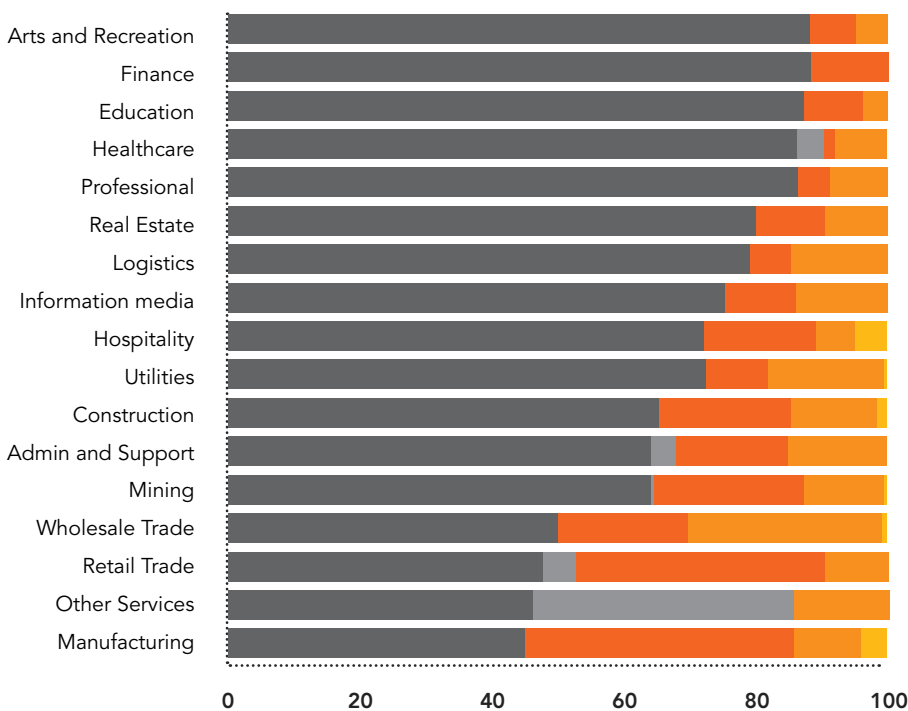


### IMPLICATION:

- Identify mechanism to support businesses that will continue to face cost pressures due to supply chain constraints
- Explore the establishment of platforms or networks to link local businesses along supply chains
- Identify opportunities for import replacement
- Support adoption of technology and automation by local businesses to reduce labour costs thereby making onshore production of components more competitive.
- Identify WSA opportunities for businesses that rely on high value per unit or time-sensitive commodities. E.g. pharmaceuticals, production samples, electronics consumer goods, and perishable agricultural and seafood products.

## Reports of Supply Chain Issues

**% , By industry, share of surveyed businesses, April 2021**



\* E.g. some delays but little impact on revenue

\*\* E.g. major delays or cannot obtain certain items; significant impact on revenue



# 4.2

## Key industry outlooks

### CONSTRUCTION



Demand for new housing may dampen as 2021/22 progresses and the benefits derived from the HomeBuilder subsidy gradually wear off. Mortgage interest rates are anticipated to remain low by historical standards but may rise a little. Housing investment is likely to begin recovering from 2022-23 onwards on the back of increasing population pressures and improved household incomes.

In the non-residential building market, adverse demand conditions are projected over much of the next five years. There is likely to be weakened demand for commercial or retail developments. However, importantly for Penrith other areas like transport and warehousing and public infrastructure will continue to be strong (esp. due to WSA).

### HEALTH CARE AND SOCIAL ASSISTANCE



General hospitals are projected to account for much of the growth in health care due to increasing demand from the ageing population and rising chronic disease rates. However, growth in private health insurance coverage may boost other allied health services.

In social assistance areas, attendance at childcare centres has increased over the past decade spurring demand. This will continue but possibly at a slower rate. Assistance support businesses and facilities for older and/or disabled people will grow.

### MANUFACTURING



The outlooks are mixed across manufacturing sectors. Construction related materials manufacturers (e.g. prefab wood, metals) may face external competition from imports if the AUD remains high, however short term construction demand may aid the industry.

Transport related manufacturing (e.g. motor vehicle parts, pallets) is expected to grow as businesses invest in new commercial vehicles, and the rising freight task fuels demand for new trucks.

### TRANSPORT, POSTAL AND WAREHOUSING



Forecast growth in total merchandise imports and exports and rising demand for delivery services are projected to boost demand for the industry over the next five years.

A number of key logistics players are already taking investment positions in proximity to the new WSA and the arrival of Amazon will support continued growth. This will translate to significant employment growth in the industry for Penrith in coming years.

## CHALLENGES

## OPPORTUNITIES/ STRENGTHS

- Construction material supply constraints may impact many small trade based businesses in the short term.
- International travel restrictions limits international visitation and reduces potential length of stay of visitors.
- Health/aged care growth may contribute to lower productivity going forward unless higher value services are focused on.
- Substantial job deficit in knowledge based business service industries due to wage differential with CBD and lack of larger commercial enterprises.
- Perception of Penrith CBD and/or office precincts and lack of A-Grade office facilities may have inhibited investment.
- Reliable, fast and frequent transport connections across the region are needed to prevent excess car usage. Rail projects will not aid the majority of Penrith's residents.
- The WSA development may generate substantial new commercial and industrial land supply that could draw businesses and/or investment away from existing precincts.
- New technology may increase automation which places lower skilled working residents at risk of job losses.
- Low levels of digital literacy in small business may be negating the potential to grow sales/ market beyond the city limits.
- A strong non-residential building pipeline will support economic activity over the coming years.
- Amazon's arrival can be leveraged for market exposure to attract investment and to support small business connections to its massive supply chain needs.
- Population ageing and new health and aged care facilities will help further growth in the Healthcare industry.
- Intensifying development of employment hubs across the region such as The Quarter have the potential to attract new businesses and/or inner metro relocations as well as tapping into benefits from agglomeration spillovers.
- Continued revitalisation projects such as Soper Place will attract commercial investment from white collar industry areas and diversify economy.
- Increasing targeted courses and industry relationships created by local education providers will support modern economy skills development.
- An increase in remote working for white collar office based employees may keep skilled residents in the region supporting local retail and providing incentives for new coworking facilities.
- 'New technology such as AI and 5G connected systems have the potential to substantially grow value of manufacturing and construction related areas, as well as generate new opportunities e.g. MedTech.
- Australia's road freight task expected to continue to grow substantially supporting Penrith's transport specialisation.
- Potential to establish a bio-based precinct in the region or better connect companies to reuse waste from government owned facilities.

For further information about this report, please contact:

City Economy Team  
Raquel Bloom

Economic Development Lead  
[thrive@penrith.city](mailto:thrive@penrith.city)

4732 7777

**id** informed  
decisions

 **PENRITH  
CITY COUNCIL**