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ACTIVATING LAKE EILDON

LARGE-SCALE ACCOMMODATION INVESTMENT BUSINESS CASE

TOURISM NORTH EAST | MAY 2020



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FILE

Accommodation Investment Business Case_Urban Enterprise 2020

VERSION

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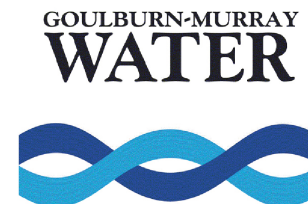
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The following report has been prepared prior to the COVID-19 Novel Coronavirus pandemic. COVID-19 has the potential to impact some of the assumptions in this report, however the report has been prepared under a 'business as usual' scenario.

PARTNERS



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EXECUTIVE SUMMARY

OVERVIEW

Historically, Lake Eildon has suffered from a lack of investment due to a range of challenges over the past two decades, including severe long-term drought, global financial crisis, inconsistent governance and lack of leadership, unsuitable land zoning for development, and lack of supporting infrastructure to facilitate private sector investment.

The Activating Lake Eildon Project has identified four business case projects to proceed with in the short term that will grow the visitor economy in the Lake Eildon region by providing new products, infrastructure and experiences. These business cases will assist in attracting private sector investment and lead to new visitor markets visiting the Lake Eildon region, which will increase visitation and yield.

There is a gap in quality, large scale accommodation with Lake views in the Lake Eildon region. This Business Case will focus on two large scale accommodation investment opportunities for Lake Eildon:

- **Mid-Level Resort And Residences At Eildon Boat Club;**
- **Large-Scale Golf Resort At Mountain Bay.**

CONCEPT OVERVIEW

Integrated Golf Resort at Mountain Bay

There is opportunity to develop an integrated golf resort at Mountain Bay. The proposal includes the following features:

- A 150 room accommodation establishment;
- A dining facility able to be used as a restaurant and hired for private events;
- 18-hole golf course, swimming pool, tennis courts and boat ramp; and
- The development will also have the capacity to host conferences and events, which are lacking in Mansfield Shire.

The development of an integrated resort will assist in decreasing the impacts of seasonality across the Lake Eildon region, promoting year-round usage and providing options for all age groups and travel party types. Resort facilities such as dining facilities, pool, gym and activities for children, will fill a key gap in family friendly activities for the region.

Mid-level Resort and Residences at Eildon Boat Club

There is opportunity to develop a mid-level resort and residences at Eildon Boat Club. The resort is proposed to be a contemporary, 4 star accommodation establishment with 80 rooms. It is proposed that part of the development could be strata-titled, to enable private ownership of some rooms and to ensure commercial viability of the development.

A food and beverage establishment is proposed to be developed at the resort, which will be able to service accommodation visitors, and the high number of boating and fishing visitors around Eildon.

ESTIMATED PROJECT COSTS

Integrated Golf Resort at Mountain Bay

Preliminary costings for the integrated golf resort at Mountain Bay show a total construction cost of approximately \$124.6 million¹. These are based on preliminary costings developed by Quantity Surveyors WTP Partnership.

This does not include allowances for planning and design costs and post-work costs. A detailed costing assessment should be undertaken once detailed designs for the site are completed.

T1. ESTIMATED COSTS FOR MOUNTAIN BAY GOLF-RESORT

Item	Cost
Accommodation facility, communal buildings and restaurant	\$82.5 million
18-hole golf course	\$15 million.
Pier and pontoons	\$6.9 million
Tennis court	\$715,500
External works (excl. road sealing)	\$4.4 million
External services	\$10 million
Sealed access road	\$1.7 million.
ESD allowance	\$3.5 million
Total Cost	\$124.6 million

Source: WTP Partnership, 2020

Mid-level Resort and Residences at Eildon Boat Club

Preliminary costings for the mid-level resort and residences at Eildon Boat Club indicate a total construction cost of approximately \$40 million, based on case studies of similar developments.

This includes planning and design costs (including estimated \$500,000 for planning scheme amendments) and post-work costs. A detailed costing assessment should be undertaken once detailed designs for the site are completed.

¹ Preliminary costings have been provided by WT Partnership. These are a high level indicative opinion only, and have a range of exclusions such as major services, reticulation, furniture and fittings etc.

Total Cost

The total cost of investment in both large-scale resorts is \$164.7 million.

PROJECT BENEFITS

The project will deliver the following benefits:

- Attracting a greater proportion of the High Country's Lifestyle Leader market;
- Increasing spend of existing visitors through additional food and beverage opportunities, and through increased activities (i.e. golf);
- Improving the Lake Eildon brand by delivering high quality infrastructure, product and experiences;
- Attraction of private sector investment in accommodation, food and beverage;
- Attracting more visitors to existing events, as there will be more accommodation available to support overnight stays;
- Supporting the development of large-scale events, particularly conferences and weddings, through the development of large-scale commercial accommodation with purpose-designed events spaces; and
- Provide justification for investment in sewerage systems for Goughs Bay and Mountain Bay.

ECONOMIC IMPACT ASSESSMENT

Cost benefit

- Cost of \$164.7 Million in total investment
 - *\$124.7 million cost for Mountain Bay resort*
 - *\$40 million cost for Eildon Boat Club resort*
- Cost benefit from direct impacts: 2
 - *2 cost benefit ratio for Mountain Bay resort*
 - *2.5 cost benefit ratio for Eildon Boat Club resort*

Short Term Economic Impact:

- Total output of \$357 million in the Hume Region
 - *\$270.2 million output to Hume region from investment in Mountain Bay resort*
 - *\$86.7 million output to Hume region from investment Eildon Boat Club resort*
- 973 jobs across the Hume Region
 - *737 construction jobs created by investment in Mountain Bay resort*
 - *236 construction jobs created by investment in Eildon Boat Club resort*

Ongoing Economic Impact:

- Total output of \$144.6 million in the Hume Region
 - *\$99.3 million ongoing output from investment at Mountain Bay resort*
 - *\$45.3 million ongoing output from investment at Eildon Boat Club resort*
- 755 jobs across the Hume Region
 - *519 ongoing jobs created by investment at Mountain Bay resort*
 - *236 ongoing jobs created by investment at Eildon Boat Club resort*

1. INTRODUCTION

1.1. BACKGROUND

The following business case is a result of extensive research and project work undertaken over the past 18 months for the two-phase Activating Lake Eildon Project. Urban Enterprise has been engaged for both Stages of the project, led by Regional Development Victoria, Hume Region and administered by Tourism North East.

The Activating Lake Eildon Project includes two stages of work:

- **Stage 1:** An economic impact of the value of tourism and recreation within the Lake Eildon region; and
- **Stage 2:** A masterplan and four business cases to prioritise investment and provide a cohesive strategy for land and water assets.

Lake Eildon has suffered from a lack of investment over the past two decades, due to a range of challenges including severe long-term drought, inconsistent governance and lack of leadership due to multiple land managers, unsuitable land zoning for development, and lack of supporting infrastructure to facilitate private sector investment.

As a result, a Masterplan has been prepared to guide strategic investment across the Lake Eildon region. Four business cases have been prepared for the top 4 game-changing projects identified in the Lake Eildon Tourism Masterplan, in order to address the key issues and opportunities for the Lake Eildon region.

This business case will focus on Large-Scale Accommodation Investment. This includes the following two components:

- **Mid-Level Resort And Residences At Lake Eildon Boat Club**
- **Large-Scale Golf Resort At Mountain Bay**

1.2. PROCESS

These business cases are for implementation of the Lake Eildon Masterplan, undertaken by Urban Enterprise. These business cases are underpinned by the following research and detailed methodology.

- Market research and economic modelling as part of Stage 1 to understand the economic value of tourism and recreation at Lake Eildon;
- Extensive consultation with over 10 workshops in Mansfield and Murrindindi Shires and more than 30 one to one consultations, across Local and State Government, industry and community;
- Audits and gap analysis of tourism product, infrastructure and experiences across the Lake Eildon region, to inform investment needs to reach target markets;
- Development of masterplan, identification of four Business Case projects and over 25 priority projects (Tier 1 and 2); and
- Concept plans and concept drawings developed by Cumulus Studio Architects for 4 key concepts.

Previous studies undertaken which have supported the development of the business cases include:

- Activating Lake Eildon Project: Stage 1 Economic Impact of Tourism and Recreation (Urban Enterprise, 2019)
- Lake Eildon Recreational Boating Facilities Improvement Plan (Goulburn-Murray Water)
- Lake Eildon Land And On-Water Management Plan (Goulburn-Murray Water, 2012)

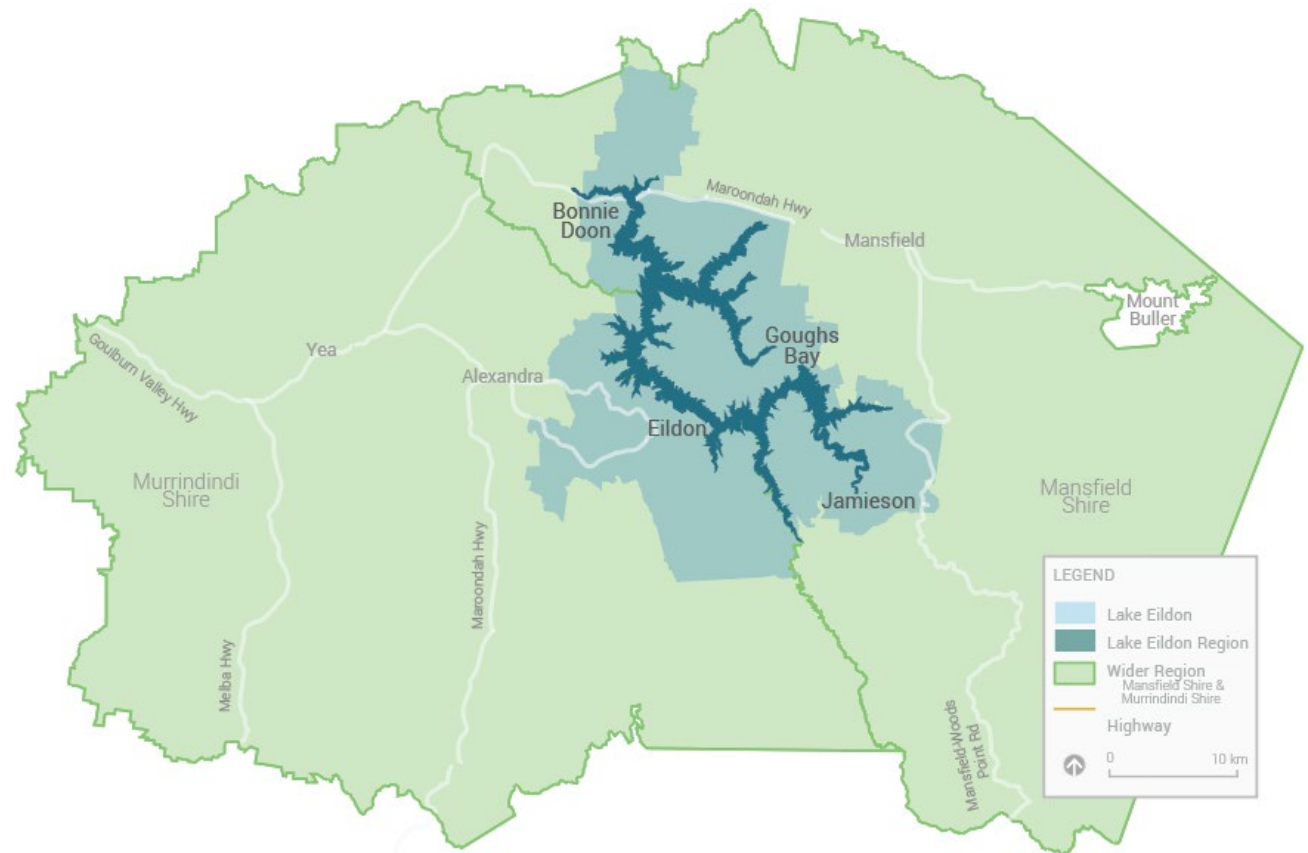
1.3. LAKE EILDON CONTEXT

Lake Eildon is located in North East Victoria, approximately two hours drive from Melbourne. Lake Eildon is Victoria's largest inland water storage, which provides a dual irrigation and recreation role.

The Lake Eildon region spans across both Murrindindi and Mansfield Shires as shown in Figure F1. The Lake Eildon region is defined as the Lake and the surrounding towns, villages and National Park land.

Key townships across the region include Eildon, Bonnie Doon, Goughs Bay and Jamieson. These townships are popular destinations for visitors to the region, many of whom are frequent visitors owning holiday homes, caravans and houseboats.

F1. LAKE EILDON REGIONAL CONTEXT



Source: Urban Enterprise, 2020.

2. STRATEGIC CONTEXT

2.1. INTRODUCTION

This section provides an overview of the Lake Eildon region context, including an overview of strategic policy context, existing tourism context and a summary of the masterplan context.

2.2. STRATEGIC POLICY CONTEXT

A range of federal, state and local strategies and policies have been analysed to understand the current strategic policy context of Lake Eildon and the wider region.

In line with Australia's federal and state tourism strategies, there is significant opportunity for the Lake Eildon region to further enhance and support its own natural assets through improved infrastructure, investment in high-quality tourism products and experiences, as well as through skills development for local industry.

Common tourism development themes across these strategies include:

- Growing and attracting private sector investment in quality tourism experiences;
- Maintaining a diverse product mix;
- Leveraging natural assets through supporting infrastructure and amenity;
- Developing authentic Aboriginal experiences;
- Leveraging growing demand from Asia; and
- Developing international awareness and readiness for business owners.

Numerous local management studies have been developed for Lake Eildon that are relevant to the Activating Lake Eildon Project, including:

- Lake Eildon Recreational Boating Facilities Improvement Plan
- Lake Eildon Land and On-Water Management Plan;
- Fraser Visitor Experience Area Strategic Plan;
- Lake Eildon National Park Management Plan;

- Victorian Boating Behaviour Report by Transport Safety Victoria; and
- Eildon Structure Plan.

There are a vast amount of actions identified across the studies, with a focus on localised infrastructure improvements such as boat ramps and public realm projects. The Activating Lake Eildon Project needs to prioritise investment across the region, given the scale of investment required. This will ensure that funding is provided to areas that have both the greatest potential for return on investment, and also meet development objectives that will enhance tourism outcomes for the region.

2.3. TOURISM CONTEXT

2.3.1. VISITOR ECONOMY OVERVIEW

The Lake Eildon region received **869,958** visitors in 2018, comprised of 89% overnight visitors and 11% daytrip visitors. Overnight visitation is driven by caravan/camping visitors (48%), followed by visitors staying in commercial accommodation (30%).

The total economic impact of tourism and recreation within the Lake Eildon region is estimated at **\$486 million** in output and **2,548 jobs** to the Hume region. This accounts for direct visitor expenditure within the Lake Eildon region, as well as expenditure by holiday home and houseboat owners within both Mansfield and Murrindindi Shires.

Visitors to the Lake Eildon region are relatively low yielding, spending an average of \$153 per person per trip compared to \$340 for visitors to the High Country. 70% of overnight visitors are mainly self-supporting, either not paying for or paying very little for accommodation (i.e. caravan/camping, holiday home and houseboat visitors).

2.3.2. TARGET MARKETS

Key target markets for the Lake Eildon region include the low-yielding, mainly self-sustaining Habitual Market, and the higher-yielding, experience-seeking Lifestyle Leader market. The Lake Eildon region is currently attracting mainly low-yield Habituals who tend to visit only in peak periods, and very low levels of Lifestyle Leaders. There is a critical need to deliver quality contemporary tourism experiences that will assist in attracting the Lifestyle Leader market, as well as delivering projects that will extract greater yield from the Habitual market.

2.3.3. PROJECTED VISITATION

The Lake Eildon region is projected to grow by an additional **+604,922** visitors by 2030, to reach **1,474,800** visitors. This highlights the need for both private and public sector investment to provide a unique, attractive and contemporary experience to service these visitors. This should include leveraging and enhancing primary and secondary product strengths, as well as fulfilling the critical gaps in the tourism product and infrastructure such as quality food and beverage, contemporary commercial accommodation, family-friendly activities and Indigenous cultural touring.

2.3.4. TOURISM CONTEXT

The Lake Eildon region is primarily a nature-based destination, with key strengths in both water-based and land-based natural assets and associated activities. Key natural assets include Lake Eildon, numerous rivers, and Lake Eildon National Park.

Table **Error! Reference source not found.** provides an overview of tourism product within the Lake Eildon region.

T2. OVERVIEW OF TOURISM PRODUCT AND EXPERIENCE CONTEXT

Product Type	Description
Primary Strengths	
Waterways (Lake/Rivers)	Lake Eildon, and Goulburn, Howqua, Jamieson, Big and Delatite Rivers.
Significant parks and landscapes	Natural assets including Lake Eildon National Park, Rubicon State Forest & Snobs Creek.
Fishing	Well-regarded for Murray Cod, Trout Cod and Macquarie perch native fishing.
Boating and other water-based activities	E.g. powered boats, yachts, wakeboarding, water skiing, jet skiing, kayaking and flyboarding.
Four-wheel driving	Popular summer activity for Habitual visitors.
Hunting	Niche experience but popular amongst Habituals.
Outdoor education	Outdoor education operators and school camps.
Camping	Driven by basic or informal camping at Lake Eildon National Park, Delatite Arm Reserve, and along creeks and rivers.
Secondary Strengths	
Events	Various small-scale events but no major attractions.
Walking	Range of walking trails but limited investment.
Cycling	Well-regarded for road cycling, and growing number of mountain bike trails.
Houseboats	Lake Eildon has the largest fleet of houseboats in Victoria, with 722 registered boats, and is the only inland Lake with authorised use of houseboats.
Gaps/Opportunities for Product Development	
Food and beverage	Gap in high quality food and beverage.
Commercial accommodation	Lack of quality, contemporary commercial accommodation.
Family-friendly activities	Gap in activities for existing and future visitor markets.
Indigenous cultural touring	Limited Indigenous cultural touring experiences.

Source: Urban Enterprise, 2020.

2.4. MASTERPLAN FRAMEWORK

The Masterplan Framework has been developed in response to key issues, opportunities and considerations for investment in the Lake Eildon region. These have been developed through significant primary and secondary research, and have guided the preparation of each of the four business case projects.

VISION

The Lake Eildon region will fulfil its potential as Australia's premier inland water destination, with enhancement of its water-based tourism assets, activation of nature-based tourism, and improvement to the visitor experience in the key destination villages surrounding the Lake.

OBJECTIVES

The following are strategic objectives that respond to the issues and opportunities identified through preparation of the masterplan:

- Attract Lifestyle Leader market segments to the region;
- Improve the experience of current water-based and nature-based visitors;
- Grow visitor yield through investment in accommodation, food and beverage product and nature based tours and experiences;
- Improve the general amenity of the region, in particular the key towns and villages;
- Focus investment to create a critical mass of product at key visitor nodes;
- Support improved activation of and access to the Lake;
- Deliver improved governance and management of visitor services, tourism infrastructure, marketing and investment attraction.

STRATEGIC FRAMEWORK

The following themes for tourism investment have been developed, in line with the vision and strategic objectives for the Lake Eildon region.

T1: IMPROVE THE EXPERIENCE FOR EXISTING VISITOR MARKETS

Focus: Improve the visitor experience for existing visitor markets through infrastructure and amenity improvements, and investment in contemporary product.

T2: NEW PRODUCT TO REACH TARGET MARKETS

Focus: Deliver new contemporary products that are unrelated to water-based activities to grow year round visitation and attract new visitor markets.

T3: INVESTMENT IN ENABLING INFRASTRUCTURE

Focus: Deliver enabling infrastructure that will unlock investment potential at strategic locations.

T4: IMPROVED DESTINATION MANAGEMENT

Focus: Deliver improved governance and resources to facilitate visitor servicing, activation and marketing.

PROJECT ASSESSMENT CRITERIA

The following assessment criteria has been used to prioritise projects. Projects which meet the greatest number of these criteria have been identified to be developed as Business Case projects or Tier 1 level projects.

1. **Large scale project scale/game changer.** The project will produce a significant change to the current experience of tourism in the Lake Eildon region, either through attraction of new visitor markets or investment in unique, large-scale tourism product.
2. **Enabling infrastructure and investment.** The project will act as a catalyst for further public and/or private sector investment, through either delivery of infrastructure or product that will unlock development potential.
3. **Expands regional product offer.** Creates new experiences which are not available in the region, and enhances the perception of Lake Eildon as a nature-based destination rather than just a water-based destination.
4. **Improves awareness and perception of the region.** Project builds awareness/positively influences perception of Lake Eildon.
5. **Aligns to high-value target markets.** Projects that positively influence the perception of Lake Eildon as a desirable visitor destination for high-value target markets.
6. **Increases visitor yield.** Extracts greater yield from existing visitor markets, and develops a product offering to attract yield from new target markets.
7. **Seasonal dispersal.** Draws visitors outside of peak periods, helping to create a more sustainable tourism industry for the region.
8. **Increases visitation.** Increases visitation through motivating new visitors, converting daytrip to overnight visitors, and increasing overnight visitor's length of stay.
9. **Improves community liveability and lifestyle attractiveness.** Creates visitor outcomes which positively impact on the local community's liveability and also improve lifestyle amenity for potential new residents.

BUSINESS CASE PROJECTS

Assessment of Business Case Projects

Four large projects have business cases developed for them. These projects align to the project assessment criteria and have the following attributes:

- Large scale project;
- Large economic impact;
- Can be delivered within short time frame; and
- Requires substantial funding.

Identified Business Case Projects

The following projects have been identified as 'game-changers' for the Lake Eildon region, as they fulfil a critical product or experience gap in the region, and will help to support further investment in tourism. These projects have been developed into Business Cases to provide strategic justification for investment. These projects include:

- **Large-scale Accommodation Investment.** The development of large-scale accommodation in Goughs Bay and Eildon will fulfil a critical gap in commercial accommodation and conferencing and events facilities, appeal to a broad market, and provide key entertainment, dining and leisure facilities that are currently lacking within the region. Large-scale integrated accommodation will also promote off-peak visitation to the region.
- **Premier Nature-Based Precincts at Mt Pinniger (Eildon) and Fry Bay (Goughs Bay).** Development of nature-based precincts will create visitor destinations with high-quality trails and treetop experiences, outdoor activities, integrated dining facilities at key vantage points, low-impact eco-accommodation, and development of iconic walking trails.
- **Skyline Road Tourist Precinct.** Capitalising on the immersive views of Lake Eildon from Skyline Road, the development of the Skyline Road Tourist Precinct will include formalisation of the Great Lake Touring Route, boutique food and

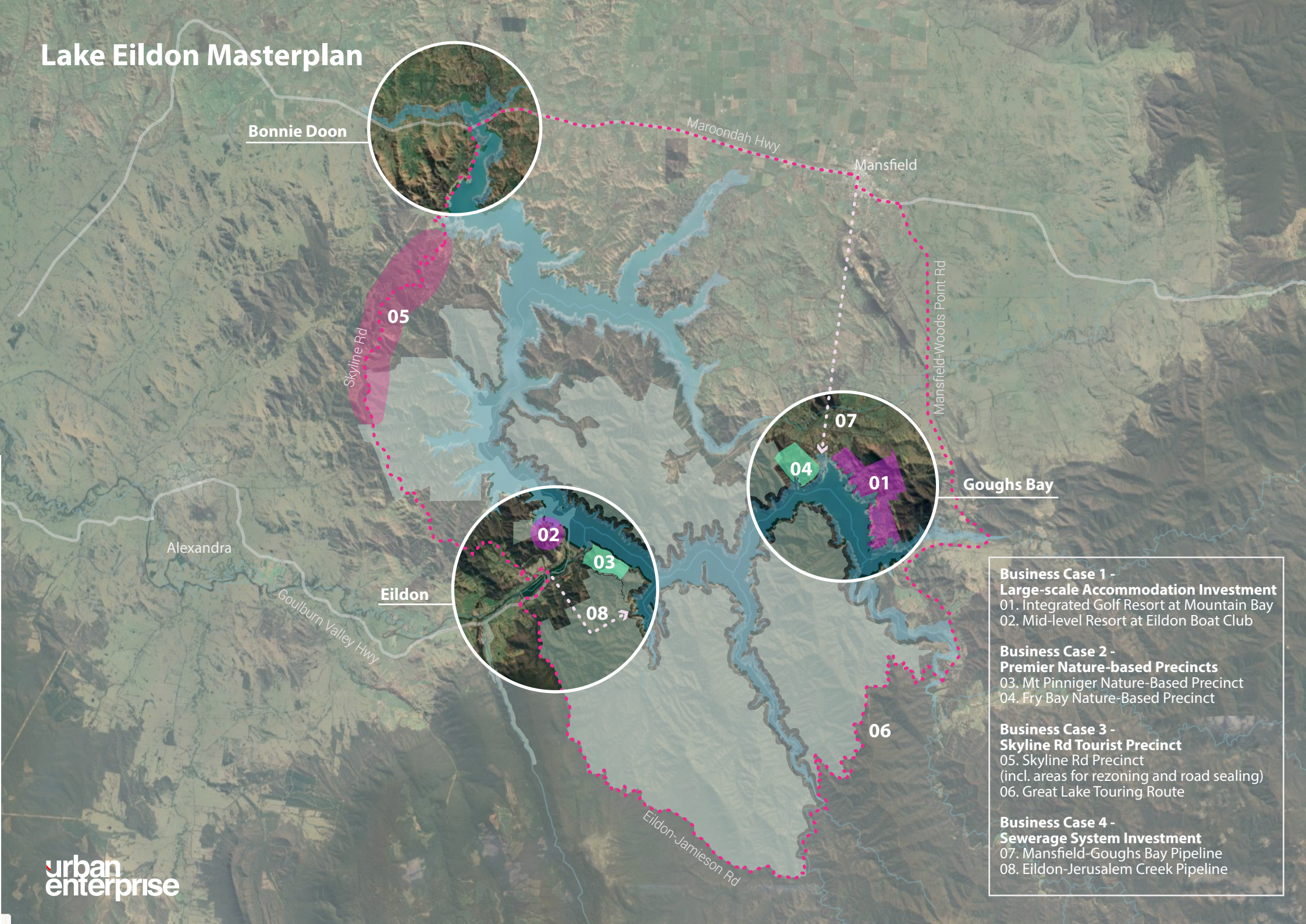
dining experiences, architectural look out points, and experiential accommodation overlooking Lake Eildon.

- **Sewerage System Investment.** Investment in sewerage infrastructure will help to build the visitor nodes of Goughs Bay and Jerusalem Creek into key visitor destinations, by unlocking development potential through the removal of infrastructure barriers that can often deter potential investors, as well as improving environmental outcomes.

Figure F2 overleaf shows the Masterplan for the Lake Eildon region, which considers the projects involved in the four business cases.

Further information on additional projects and investment for the region can be found in the Lake Eildon Masterplan Report.

Lake Eildon Masterplan



**Business Case 1 -
Large-scale Accommodation Investment**
01. Integrated Golf Resort at Mountain Bay
02. Mid-level Resort at Eildon Boat Club

**Business Case 2 -
Premier Nature-based Precincts**
03. Mt Pinniger Nature-Based Precinct
04. Fry Bay Nature-Based Precinct

**Business Case 3 -
Skyline Rd Tourist Precinct**
05. Skyline Rd Precinct
(incl. areas for rezoning and road sealing)
06. Great Lake Touring Route

**Business Case 4 -
Sewerage System Investment**
07. Mansfield-Goughs Bay Pipeline
08. Eildon-Jerusalem Creek Pipeline

3. CONCEPT 1 – INTEGRATED RESORT AT MOUNTAIN BAY

3.1. INTRODUCTION

This section provides a detailed description of the Integrated Golf Resort at Mountain Bay project, including concept drawings developed by Cumulus Studio for the precinct.

An overview of project costs, strategic considerations and project benefits are provided for the project, which are explored in further detail throughout this report.

3.2. THE SITE

3.2.1. SITE DETAILS

Site Location: Mountain Bay, Mansfield Shire.

Land Ownership: Privately owned.

Land Zoning: Special Use Zone.

Mountain Bay is a suburb in Mansfield Shire located adjacent to Goughs Bay, approximately 20 kilometres from Mansfield township.

Mountain Bay has unique development potential, as the entire site is located within the Special Use Zone 1 (SUZ1), whereby any application for development or amendment does not require a planning permit, as long as it complies with the Section 173 Agreement and Development Plan. These documents remain relevant and there is no timeframe for their expiry.

The Development Plan supports a range of uses, including residential development, events and development of a village centre. There are significant long-term development opportunities for the site over the next 20-50 years, however this business case deals with the uses relevant to the integrated golf resort.

3.2.2. SITE CHARACTERISTICS

Mountain Bay is a picturesque site with high natural amenity, as shown in Figure F3. The site has views across the Lake and surrounding mountain ranges, as well as high country views to the East towards Mount Buller.

The site has varied topography, with the development proposed for the more even terrain towards the Lake's edge, near Allen Bay.

The proposed development aligns with previous concept plans prepared for the site over 15 years ago, which indicated the development of a golf-resort, but were not developed due to a range of factors.

F3. MOUNTAIN BAY SITE



3.3. THE PROJECT

3.3.1. PROJECT DESCRIPTION

There is opportunity to develop an integrated golf resort at Mountain Bay, as shown in Figure F4, which includes concept plans and images developed by Cumulus Studio architects.

The proposal includes the following features:

- A 150 room accommodation establishment;
- A dining facility able to be used as a restaurant and hired for private events;
- 18-hole golf course, swimming pool, tennis courts and boat ramp. The development will also have the capacity to host conferences and events, which are lacking in Mansfield Shire.

The development of an integrated resort will assist in decreasing the impacts of seasonality across the Lake Eildon region, promoting year-round usage and providing options for all age groups and travel party types. Resort facilities such as dining facilities, pool, gym, activities for children, will fill a key gap in family friendly activities for the region.

Strata title will make the project more commercially viable for investors, enabling people to purchase apartments as holiday homes or investment properties, and will enable the apartments to be leased out to casual visitors.

These designs are conceptual only and would require further investigation and development.

3.3.2. CONCEPT COMPONENTS

MID-LEVEL RESORT

Type of Accommodation: Resort-style development, with a combination of hotel rooms and self-contained apartments.

Rooms: 80 rooms; 40 hotel rooms and 40 apartments. A range of 1-2 bedroom hotel rooms, and 1-3 bedroom apartments.

Room facilities: Each room will have a range of facilities, including heating/cooling, television, Wi-Fi access, and varying sized lounge spaces. Apartments will also have laundry facilities included and full-sized kitchens.

Resort facilities: The resort will include an on-site restaurant, an outdoor pool, tennis courts, a day spa and a pier for boat docking.

Target markets: The resort will attract the Lifestyle Leader market, visitors with an interest in golf, families looking for an integrated resort experience, and other visitors to the region who may visit the restaurant, day spa or golf course.

GOLF COURSE

Size: 18-hole golf course

Target markets: The resort will attract the Lifestyle Leader market, visitors with an interest in golf, and existing visitors to the region wishing to undertake an activity.

RESTAURANT

Dining type: Restaurant open for breakfast, lunch and dinner

Capacity: 200 seated.

Target markets: Restaurant will service accommodation visitors, users of the golf course, boating visitors who are able to moor on the private pier, and other existing visitors to the region.

3.3.3. PRELIMINARY PROJECT COSTINGS

Preliminary costings for the integrated golf resort at Mountain Bay indicate a total construction cost of approximately \$124.6 million². These are based on preliminary costings developed by Quantity Surveyors WTP Partnership.

This does not include allowances for planning and design costs and post-work costs. A detailed costing assessment should be undertaken once detailed designs for the site are completed.

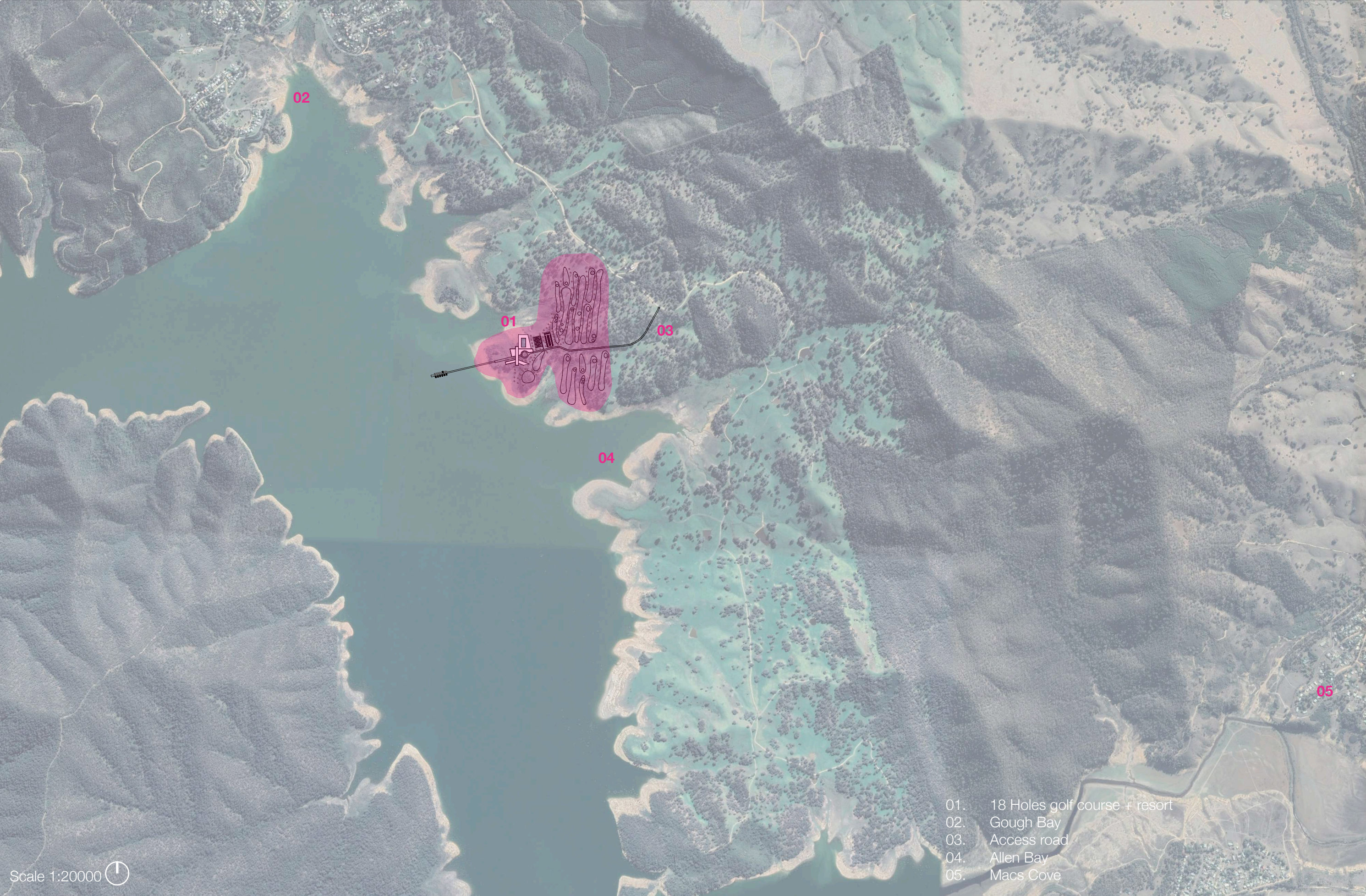
T3. ESTIMATED COSTS FOR MOUNTAIN BAY GOLF-RESORT

Item	Cost
Accommodation facility, communal buildings and restaurant	\$82.5 million
18-hole golf course	\$15 million.
Pier and Pontoons	\$6.9 million
Tennis court	\$715,500
External works (excl. road sealing)	\$4.4 million
External Services	\$10 million
Sealed access road	\$1.7 million.
ESD Allowance	\$3.5 million
Total Cost	\$124.6 million

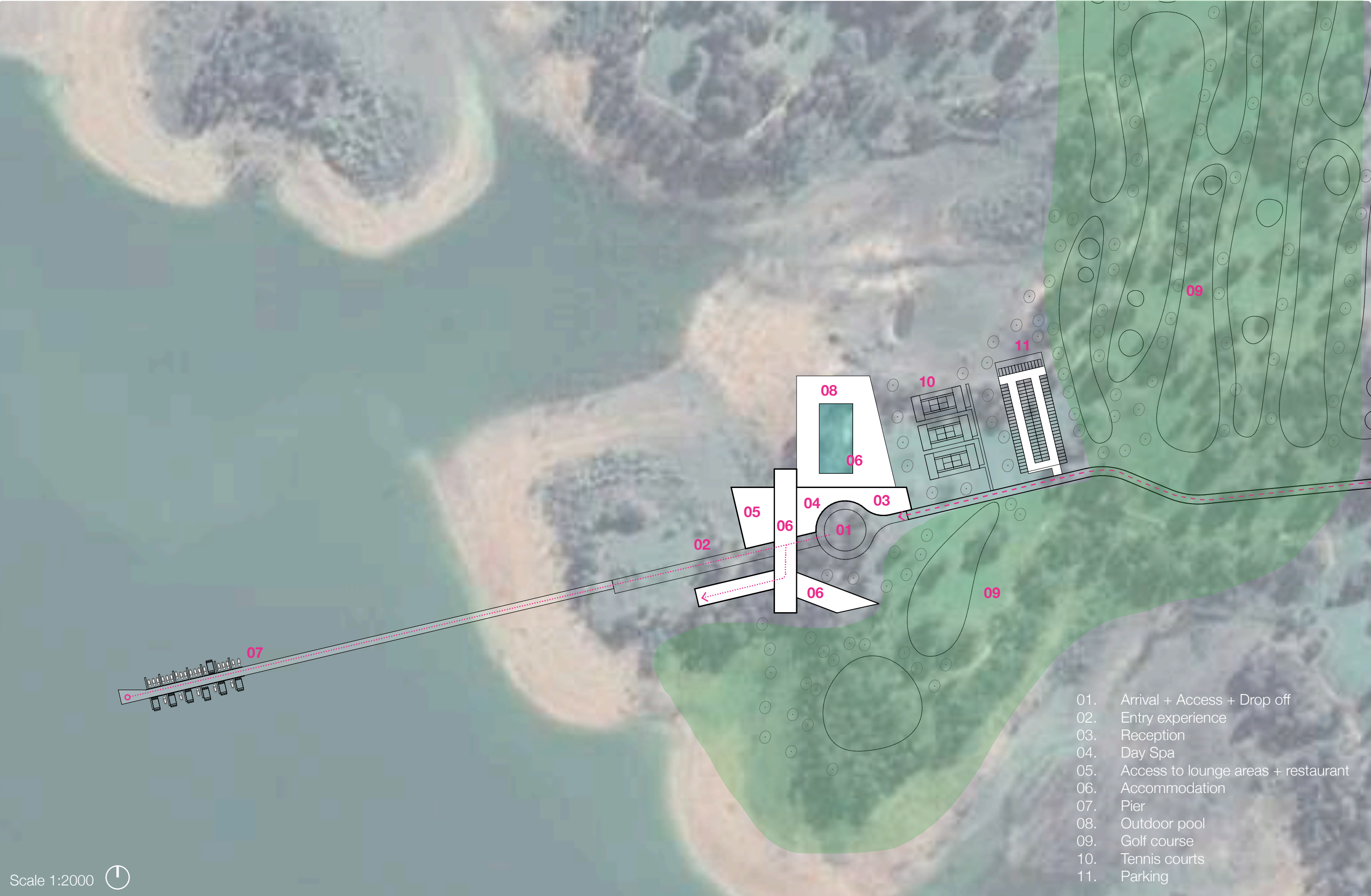
Source: WTP Partnership, 2020

² Preliminary costings have been provided by WT Partnership. These are a high level indicative opinion only, and have a range of exclusions such as major services, reticulation, furniture and fittings etc.

Mountain Bay - Location Plan



Mountain Bay - Plan



Mountain Bay - View





3.4. PRECEDENTS

Case Study: Silverwoods Yarrawonga

Silverwoods Yarrawonga is an example of an integrated golf-resort, set amid 400 acres rural land on the banks of Lake Mulwala.

A \$48 million Sebel hotel development is underway for the site, expected to be completed and opened in mid-2020. The golf-course is an existing development on the site and is well utilised.

The development includes the following components:

- 18-hole golf course;
- Integrated accommodation: hotel, self-contained villas;
- Recreation facilities –restaurant, gym, family-friendly activities etc.;
- Conference/Event facilities; and
- Combination of both casual visitor accommodation (i.e. hotel rooms and apartments) and holiday home properties.

Part of the success of the site is its proximity to Yarrawonga, which is similar to the Mountain Bay site which has close proximity to both Mansfield and Goughs Bay.

F5. SILVERWOODS YARRAWONGA



Source: Silverwoods Yarrawonga.

4. CONCEPT 2 – MID-LEVEL RESORT AT EILDON BOAT CLUB

4.1. OVERVIEW

This section provides a detailed description of the Mid-Level Resort at Eildon Boat Club project, including concept drawings developed by Cumulus Studio for the precinct.

An overview of project costs, strategic considerations and project benefits are provided for the project, which are explored in further detail throughout this report.

4.2. THE SITE

4.2.1. SITE DETAILS

The development of a mid-level resort is proposed for land in Eildon, which is leased by Eildon Boat Club from Goulburn Murray Water. The vacant site is located on Sugarloaf Road, approximately 5 minutes' drive north of Eildon township between Eildon Boat Club and Eildon Marina.

The site is zoned as Farming Zone, and would require rezoning to facilitate investment.

Site Location: Eildon Boat Club, Sugarloaf Road, Eildon.

Land Ownership: Goulburn-Murray Water, leased to Eildon Boat Club

Land Zoning: Farming Zone

4.2.2. SITE CHARACTERISTICS

The site is located strategically between the private, members only Eildon Boat Club, and the public use Lake Eildon Marina.

The Eildon Boat Club is the largest inland boating club in Australia, supporting a large number of houseboats with boat ramp, road and marina infrastructure. The Boat Club has a clubhouse café and restaurant, which seats up to 180 people, however is not available for public access.

One of the potential sites within the Eildon Boat Club is shown below in Figure F6. The site is well elevated and has views across Lake Eildon. The site is vegetated and would require some vegetation removal, as well as some site levelling to allow for development.

F6. EILDON BOAT CLUB SITE



Source: Urban Enterprise, 2020

4.3. THE CONCEPT

4.3.1. PROJECT DESCRIPTION

The resort is proposed to be a contemporary, 4 star accommodation establishment with 80 rooms. It is proposed that part of the development could be strata-titled, to enable private ownership of some rooms and to ensure commercial viability of the development.

A food and beverage establishment is proposed to be developed at the resort, which will be able to service accommodation visitors, and the high number of boating and fishing visitors around Eildon.

Concepts

Figure F7 shows concept plans and drawings that have been prepared by Urban Enterprise to highlight the site location and size.

These are conceptual only and would require further investigation and development.

4.3.2. CONCEPT COMPONENTS

MID-LEVEL RESORT

Type of Accommodation: Resort-style development, with a combination of hotel rooms and self-contained apartments.

Rooms: 80 rooms; 40 hotel rooms and 40 apartments. A range of 1-2 bedroom hotel rooms, and 1-3 bedroom apartments.

Room facilities: Each room will have a range of facilities, including heating/cooling, television, Wi-Fi access, and varying sized lounge spaces. Apartments will also have laundry facilities included and full-sized kitchens.

Resort facilities: The resort will include an on-site food and beverage establishment, and potentially including a pool, gym and outdoor activities and facilities for hire (e.g. boats, fishing equipment etc.).

Target Markets: This facility is particularly attractive for the family market. The resort is well-suited to both Habitual visitors and Lifestyle Leaders, as it has the appropriate level of contemporary facilities for both markets, but is located in proximity to the marinas, boat clubs and boating activities desired by many Habitual visitors.

CAFÉ/RESTAURANT

Dining type: Restaurant open for breakfast, lunch and dinner

Capacity: 150 seated.

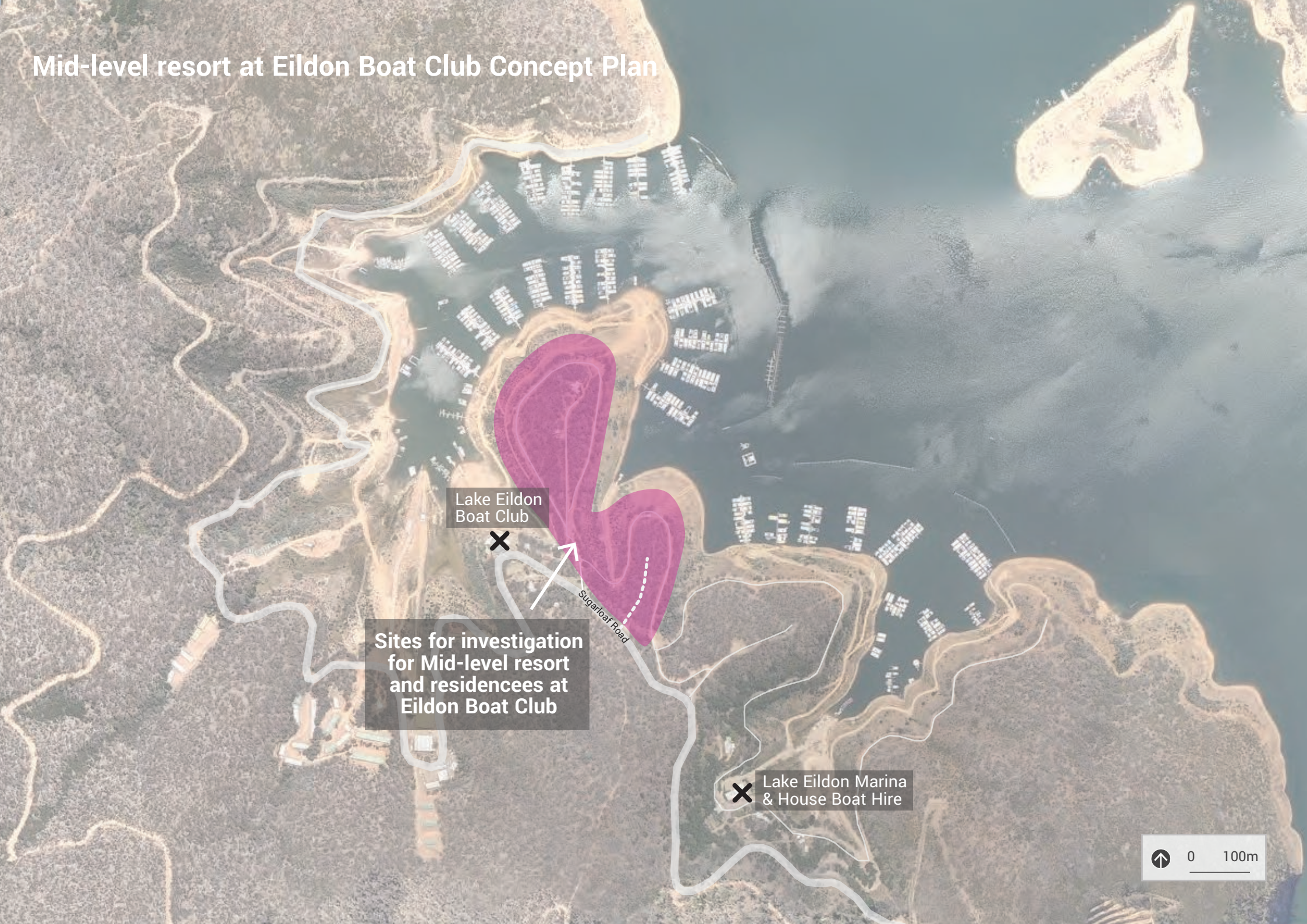
Target markets: Restaurant will service accommodation visitors, users of the Eildon Boat Club and Eildon Marina, and other visitors to the region.

4.3.3. PRELIMINARY PROJECT COSTINGS

Preliminary costings for the mid-level resort and residences at Eildon Boat Club indicate a total construction cost of approximately \$40 million, based on case studies of similar developments. This includes planning and design costs, construction costs, and post-work costs.

A detailed costing assessment should be undertaken once detailed designs for the site are completed.

Mid-level resort at Eildon Boat Club Concept Plan



Lake Eildon
Boat Club



Sites for investigation
for Mid-level resort
and residences at
Eildon Boat Club

Sugarloaf Road



Lake Eildon Marina
& House Boat Hire



0

100m

4.4. PRECEDENTS

Case Study: Silverwater, San Remo

Silverwater Resort in San Remo, Phillip Island, is a successful resort-style case study which includes mid-level hotel suites and apartments, resort facilities such as pool and gym, and a restaurant.

The resort has a range of activities particularly well suited to the family market:

- Indoor and outdoor pools
- Spa pool, steam room and gym
- Tennis courts, Basketball Court and Bocce court
- Resort oval known as the Village Green
- Indoor-outdoor restaurant
- Bar and guest lounge
- Table tennis room
- Children's games room
- Children's playground

F8. SILVER WATER, SAN REMO, PHILLIP ISLAND



Source: Silverwater San Remo

5. INVESTMENT LOGIC

5.1. INTRODUCTION

Below is an outline of the project drivers and problems, interventions required and solution. These project drivers are covered in further detail in the following section.

5.2. PROJECT DRIVERS

- **Critical gap in high quality commercial accommodation across the region (3.5 stars+)**, with only a few small boutique self-contained properties rating above 3.5 stars.
- **There has been no investment in large-scale visitor accommodation for 20-30 years.** The only sizeable commercial facility is Holmesglen TAFE.
- **Low proportion of visitors staying in commercial accommodation**, due to limited quality commercial accommodation, visitor preferences for camping / caravanning and low spending Habitual visitor market.
- **Visitation is highly seasonal and skewed to warmer months**, due to the popularity of water-based activities in summer, a high number of habitual visitors using their holiday homes and houseboats over summer, and high proportion of caravan and camping visitors (48% p.a.).
- **Projected need for additional visitor accommodation (+685 rooms by 2025)**, based on projected increase in 290,649 overnight visitors, of which 104,633 will be staying in paid commercial accommodation.
- **Region does not attract high yield visitors, partly due to the lack of quality accommodation.** Although many of the regions visitors are considered to be habitual and are unlikely to stay in commercial accommodation, the region is unable to attract many of the High Country's Lifestyle Leader market due to a lack of contemporary commercial accommodation suited to this markets preferences.

- **Extending length of stay and spend for existing visitors by delivering new product**, particularly through investment in food and beverage, and complementary visitor experiences such as golf.
- **Limited family friendly tourism product and experiences** to attract and engage the family market.

5.3. PROBLEMS

- **Lack of large-scale tourism businesses** to support growth in the visitor economy.
- **Existing accommodation offering only appeals to low-yield visitor markets.** Existing accommodation stock is mainly in tourist parks or self-contained accommodation, which generally appeals to the self-catering low-yield market the region currently attracts.
- **Lack of 'hot beds' in the region.** There is limited commercial accommodation available that can be booked by casual visitors, as many are annual caravan and cabin sites unable to be rented by casual visitors
- **Low quality of current accommodation stock.** Low quality, outdated and basic accommodation less than 3.5 stars does not appeal to the Lifestyle Leader market and therefore the region struggles to attract these visitors.

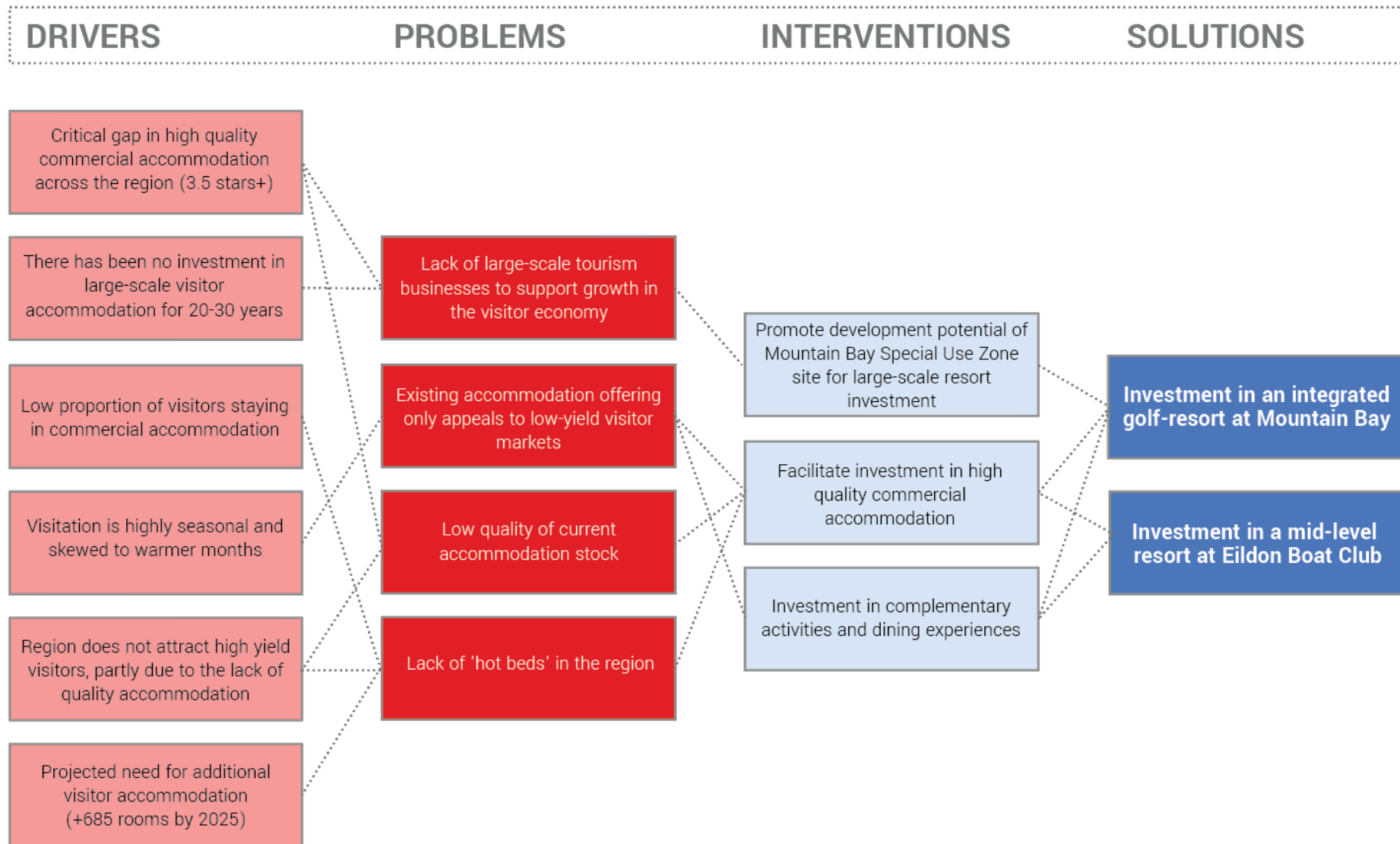
5.4. INTERVENTIONS

- **Promote development potential of Mountain Bay Special Use Zone site for large-scale resort investment.** This site is able to facilitate the development of a large-scale tourism business, as it is zoned appropriately for development, has a large land area for development and will not require the planning approvals process.
- **Investment in complementary activities and dining experiences**, which will assist to attract off peak visitation, extract greater yield from existing visitors, and provide complementary tourism experiences to attract Lifestyle Leaders.
- **Facilitate investment in high quality commercial accommodation** that is contemporary and attractive to the Lifestyle Leader market.

5.5. THE SOLUTION

- Investment in an integrated golf-resort at Mountain Bay.
- Investment in a mid-level resort at Eildon Boat Club.

T4. INVESTMENT LOGIC MAP



6. PROJECT DRIVERS

Critical gap in high quality commercial accommodation across the region (3.5 stars+)

There are far more holiday homes (2,209) and camping sites (1,541) than commercial guestrooms (1,057). Commercial accommodation includes cabins for rent within caravan parks, self-contained houses, apartments, motels, lodges, farmstays and bed and breakfasts. Most of the commercial accommodation can be found within Eildon/Taylor Bay (340 rooms), followed by Bonnie Doon (201 rooms) and Goughs Bay (164 rooms)³.

There are few motels within the Lake Eildon region, no hotels, and no self-contained apartment facilities. All of the commercial accommodation is 3.5 stars or less, with very little investment into the existing accommodation stock to appeal to the contemporary visitor market. As a result, the region struggles to attract high-yielding visitor markets who would spend on quality accommodation.

Commercial accommodation is a critical gap for the Lake Eildon region, and is one of the main product areas holding Lake Eildon back from becoming a major tourism destination. Investment in high quality, contemporary visitor accommodation is necessary to elevate the tourism offering of the region, and to attract the Lifestyle Leader market to both visit the region, and extend their day trip into an overnight stay.

Low proportion of visitors staying in commercial accommodation

There were 775,675 overnight visitors to the Lake Eildon region in 2018⁴. Of these overnight visitors, only 230,373 visitors were staying in commercial accommodation across the Lake Eildon region, accounting for only 30% of overnight visitors to the region.

This is largely due to an unattractive and outdated accommodation offering across the region, which may deter visitors from staying overnight, may cause visitors to

choose to stay overnight in another location outside the region, or may deter visitation altogether.

Region does not attract high yield visitors, partly due to the lack of quality accommodation.

The average spend for visitors to the Lake Eildon Region (\$153 pp) is significantly lower than visitors to the High Country who spend an average of \$308 per visitor. This is a low yielding market, spending mostly on self-catering petrol and alcohol, with very limited spend on accommodation, dining, entertainment and shopping/gifts/souvenirs by all visitors.

As previously mentioned, this is partly due to a lack of quality commercial accommodation making it difficult for the region to attract the Lifestyle Leader market, as well as

There has been no investment in large-scale visitor accommodation for 20-30 years.

There has been limited investment in large-scale visitor accommodation in the entire Lake Eildon region over the last 20-30 years. Most accommodation is small-scale self-contained accommodation (houses or cabins), with no hotels in the region with the exception of Holmesglen TAFE.

Closure of the largest establishment in the Lake Eildon region, the Golden Trout Hotel, has left a major gap in the accommodation offering. The major tourist parks in the region are outdated and do not have the required facilities and standards to attract contemporary Lifestyle Leader visitors.

The most recent major investment in the region has been Holmesglen TAFE, which is able to cater for 150 guests. The facility has both hotel rooms and a homestead

³ Source: Urban Enterprise, confirmed through desktop research, site visits and rates data from Mansfield and Murrindindi Shires, 2019.

⁴ Source: Urban Enterprise, PAVE Model, 2019.

available for hire, and is able to accommodate groups of up to 200 people in theatre style conferencing facilities.

Visitation is highly seasonal and skewed to warmer months

Visitation to both shires is highly seasonal, with visitation skewed to the warmer months of the year between January and April, with peak periods over the Australia day long weekend and Easter long weekend. This is due to popularity of the region as a destination for camping and caravan visitors, boating visitors, houseboat visitors and holiday home visitors, who are drawn to the region for its water-based assets.

44% of overnight visits to Mansfield Shire occur between January and April, whilst 38% of overnight visits to Murrindindi Shire occur over the same period.⁵

Projected need for additional visitor accommodation (+685 rooms by)

In 2018, there was a total 775,674 visitors staying overnight across the Lake Eildon region, of which only 313,184 were staying in paid accommodation (36%).

Utilising the visitor growth rates detailed in Section 7.4 Visitation Projections, it is estimated that there will be an additional 107,242 - 960,522 visitors staying in paid accommodation by 2030.

Based on the projected growth of visitors staying in paid accommodation, Table **Error! Reference source not found.** provides a forecast for accommodation needs. The analysis utilises the following assumptions:

- Average length of stay per visitor is 5.8 nights;
- Average of 3.4 visitors per room; and
- Average room occupancy of 60% across the year.

This is based on data sourced from National Visitor Survey, primary research undertaken for as part of Stage 1 of the project, AirDNA data and ABS Survey of Tourist Accommodation.

⁵ TRA Overnight visitation by month returned from trip, 5 Year Average, Calendar Year 2014-18.

Based on this analysis, future additional accommodation needs for the Lake Eildon region between 2018-2025 is between 194 and 1,606 rooms⁶. It is assumed that the midpoint scenario of 685 rooms provides the most accurate reflection of accommodation needs in the Lake Eildon region, as there is a critical lack of quality contemporary accommodation stock.

T5. PROJECTED ACCOMMODATION NEEDS, LAKE EILDON REGION

	Low	Mid	High
Total visitor growth 2018-2025	82,321	290,649	681,616
Visitors staying in paid accommodation	29,636	104,633	245,382
Visitor nights	171,887	606,874	1,423,214
Room nights	50,555	178,492	418,592
Rooms	139	489	1,147
Supportable Rooms (at 60% occupancy)	194	685	1,606

There is particular need for an integrated tourist resort which provides a range of complementary activities and experiences, as well as investment in boutique and experiential accommodation such as glamping, and small scale boutique eco-retreats.

Extending length of stay and spend for existing visitors by delivering new product

Food and beverage tourism experiences are almost non-existent in the region. There has been reinvestment in Bonnie Doon Hotel, Jamieson Hotel and a new café in Bonnie Doon. Other than these there is a major lack of contemporary food and beverage experiences in the Lake Eildon region.

Investment in food and beverage experiences at the integrated resorts at both Eildon Boat Club and Mountain Bay will support existing visitation, and also become destinations in themselves.

Limited family friendly tourism product and experiences.

One of the key markets for Lake Eildon are family groups. Other than water based activities there is very limited experiences on offer for the family market, as reflected through the visitor activities with low engagement in any paid experiences.

Delivery of integrated-resort accommodation with a range of facilities and activities for both parents and children fulfill a critical gap in the region's product offering, and will enable the Lake Eildon region to attract a greater proportion of the family market.

7. PROJECT BENEFITS

7.1. INTRODUCTION

There are a range of benefits that will be shared across the entire Lake Eildon region with investment in these large-scale accommodation developments. This includes quantitative (economic) benefits, and qualitative benefits (social and environmental).

7.2. QUANTITATIVE BENEFITS

INCREASE IN VISITOR SPEND

Investing in large-scale, contemporary commercial accommodation will assist the Lake Eildon region to attract a greater proportion new, high-yielding visitors from within the Lifestyle Leader market. It is projected that investment in these accommodation developments will inject an additional \$42.2 million into the regional economy through direct visitor expenditure. This is detailed further in Section 6.

An increase in visitor expenditure of existing visitors will be received through additional food and beverage opportunities and increased activities (i.e. golf).

SUPPORTING GROWTH IN TOURISM EVENTS

Investment in large-scale accommodation will allow greater numbers of visitors to stay overnight in the region when visiting existing events. An increase in length of stay for event visitors will allow greater yield to be extracted from these visitors through expenditure on accommodation and food and beverage.

The development of large-scale commercial accommodation with purpose-designed events spaces will also support the development of large-scale events, particularly conferences and weddings.

PROVIDING LOCAL EMPLOYMENT OPPORTUNITIES

Both resorts will create and support new jobs from a variety of sources, including construction and operation of the resort. In addition, a number of the activities offered to guests (e.g. food and beverage establishments) may be owned and operated by third-party business owners. This will increase the number of local business operators on-site, which will generate economic activity and contribute to additional employment opportunities.

Providing job opportunities at the site (in the tourism and hospitality industries), as well as job training and skills development, could help address areas of socio-economic disadvantage by: providing local employment opportunities for youth in the region; increasing income levels and promoting educational attainment.

BENEFITS SERVICE INDUSTRIES IN MANSFIELD AND ALEXANDRA

Service industries in Mansfield and Alexandra, such as commercial cleaning, grocers and produce suppliers, and other hospitality sectors, will be greatly benefited by investment in two large accommodation establishments. This will support year-round employment for these sectors and decrease the seasonality of these businesses who are often driven by peak summer and ski season trade.

INCREASED RESIDENTIAL DEVELOPMENT

It is assumed that investment in an integrated golf resort at Mountain Bay will require significant infrastructure and amenity improvements, including sewerage upgrades, telecommunications investment and other works.

Investment in this supporting infrastructure and amenity will have flow on benefits for community, and is also likely to stimulate additional residential investment in Mountain Bay and Goughs Bay, as the costs for individual property owners are likely to be reduced. Furthermore, the area will likely increase further in popularity as a tourist and holiday home destination following investment in the resort, which will further stimulate investment in residential property.

7.3. QUALITATIVE BENEFITS

In addition to the quantitative economic benefits detailed above, the Accommodation Investment project is likely to generate several qualitative benefits (e.g. social impacts) for the local and regional community.

IMPROVING THE TOURISM 'BRAND' AND REVITALISING THE REGION

By providing attractive and contemporary accommodation suited to visitor expectations, this could enhance the status of Lake Eildon as a desirable visitor destination. In particular, visitors to the Lake would have greater choice of accommodation, higher quality food and beverage destinations to dine out, and the associated amenities and facilities of a modern accommodation establishment.

This project is, therefore, a critical step to improving the Lake Eildon region's profile for tourists.

FLOW-ON EFFECTS TO LOCAL BUSINESSES.

With likely increases in visitation to both the Eildon and Goughs Bay town centres, there would be additional flow-on benefits for local tourism and hospitality businesses in the private sector (across the Shire). This would be realised through increases in visitor expenditure and increases in demand for visitor amenities, including retail and food and beverage.

JUSTIFICATION FOR INVESTMENT IN SEWERAGE SYSTEMS

This project will provide further justification for sewerage system investment for Goughs Bay/Mountain Bay. A large-scale resort at Mountain Bay would require investment in sewerage to be viable for investors, and the economic impact of such a development is substantial enough to justify State Government investment in sewerage in the area.

This would have additional benefits for community members, as previously mentioned, but would also have significant environmental outcomes by reducing the risk of waterway pollution concerns as a result of poorly maintained septic systems,

and would also reduce the occurrence of algal blooms as a result of leaking septic systems.

8. COST BENEFIT ASSESSMENT

8.1. INTRODUCTION

A cost-benefit model was developed for the Large-scale Accommodation Investment project over a 10-year cash flow period, showing the operation from commencement in 2021 (Year 1) through to 2030 (Year 10)⁷ This assessment draws on projected usage of the accommodation establishments (i.e. visitor demand) and includes an estimate of:

- Capital and development costs⁸;
- Ongoing operating costs; and
- Ongoing project benefits, which is derived from additional visitor spend.

From this analysis, the overall Return on Investment (ROI) has been identified by calculating the Net Present Value (NPV) and Benefit Cost Ratio (BCR). This helps to determine whether the project is financially viable and sustainable.

Unless indicated otherwise, it is assumed that all financial estimates are in current (2020) dollars and all figures have been inflated by 2.5% per annum.

Although the following is an overview of the financial model and cost-benefit assessment, more detailed information can be found in Appendix A and Appendix B. This includes a detailed 10-year financial model, financial model assumptions, and financial impact assumptions (NPV, BCR, ROI, etc.) for each project.

⁷ Project construction/development is expected to be completed during the 2019-20 financial year (before operation), which is defined as Year 0.

8.2. VISITOR DEMAND PROJECTIONS

8.2.1. TARGET MARKETS

The development of the two accommodation establishments has the potential to impact the demand and behaviour of several visitor markets, detailed below.

LIFESTYLE LEADER MARKET

The development of contemporary commercial accommodation will help the Lake Eildon region to attract a greater proportion of the Lifestyle Leader market. Integral to attracting this market to the region is delivering tourism product aligned to their wants and needs, including high-quality accommodation and food and beverage, nature-based attractions and activities, as well as other attractions and activities.

Attracting greater numbers of Lifestyle Leaders will help to increase visitor yield across the region, and decrease seasonality impacts across the year.

GOLF VISITORS

Golf visitors can be assumed to be a subset of the Lifestyle Leader market. These are generally high yielding markets, often travelling with family and friends who are interested in alternative activities. Development of a golf resort will help to attract these visitors, as well as providing additional activities for existing visitors to the region.

RESIDENTS

The food and beverage establishments will also be used by residents, however their usage has not been calculated in the demand assessment as they are assumed to visit dining establishments substantially less than visitors to the region.

⁸ All capital cost estimates were provided by Council.

8.2.2. ESTIMATED VISITOR DEMAND

To calculate the net impact of the Accommodation Investments, the following visitor impact scenarios were adopted for **Accommodation visitors** and **Golf visitors** to calculate the number of *additional* visitors generated by each facility.

Projected demand for Year 1 is shown in Table T6, which estimates a low impact of 40,880 additional visits to the region through investment in a mid-level resort at Eildon Boat Club, and 54,750 accommodation visitors and 1,431 additional golf visitors to an integrated golf resort at Mountain Bay. This represents a total of 97,061 new visitors to the Lake Eildon region in Year 1.

Projected demand for Year 1 is based on the following assumptions for the target markets:

- **Accommodation visitors.** This is based on total capacity of 80 rooms for the mid-level resort at Eildon Boat Club and 150 rooms at the integrated golf resort at Mountain Bay, and predicted 50% occupancy in Year 1. Occupancy is forecast to grow to the regional average of 70% over the 10 year period.
- **Golf visitors.** As the Lake Eildon region does not have any golf courses, it is assumed that 0% of visitors to the region were undertaking golf as an activity. The High Country tourism region currently has 2% of visitors undertaking golf per annum. This figure was applied to the total visitors to Goughs Bay, which currently receives a total of 71,545 visitors per annum. An average annual growth rate of 9.4% was applied over the 10-year period to represent growth in overnight visitation (aligned with historic growth of High Country region)⁹.

⁹ 9.4% growth per annum represents average growth for domestic overnight visitors to High Country Tourism Region, based on data published by the TEVE Research Unit, 2019.

T6. ESTIMATED VISITOR DEMAND (YEAR 1)

Summary	Mid-level Resort at Eildon Boat Club	Integrated Golf Resort at Mountain Bay	Total Visitors
Accommodation Visitors	40,880	54,750	95,630
Golf Visitors	N/A	1,431	1,431
Total Visitors	40,880	56,181	97,061

Source: Urban Enterprise, 2020.

8.3. PROJECT ECONOMIC BENEFITS

As mentioned previously, accommodation investment is likely to generate benefits to the region through visitor expenditure, as well as residential investment at Mountain Bay.

To estimate the net impact of visitor expenditure (i.e. additional visitor yield), the total level of expenditure was estimated for each scenario, as it varies according to the level of demand.

Table T7 details the estimated visitor expenditure for each scenario as generated by the target markets, as well as the residential spend that will be facilitated by investment in the integrated golf resort at Mountain Bay.

Overall, the total benefit provided by the Eildon Boat Club in Year 1 is expected to be \$20.5 million, with the integrated golf resort at Mountain Bay expected to provide \$33.9 million in total benefit, including accommodation and golf visitors expenditure, as well as increased residential development expenditure. This is based on the following assumptions:

- **Accommodation visitors.** Each accommodation visitor is estimated to spend an average of \$502¹⁰ per trip.
- **Golf visitors.** Each golf visitor (i.e. those not staying at the resort) are expected to spend an additional \$51 dollars¹¹, based on an extended stay of 4 hours.
- **Residential Development.** It is assumed investment in a resort at Mountain Bay, including associated supporting infrastructure and amenity improvements, will facilitate additional residential investment of 20 properties in Mountain Bay and Goughs Bay per annum, at an average spend of \$316,500¹² per property.

All figures are inflated by 2.5% per annum over the 10-year cash flow period.

¹⁰ Average spend per trip for overnight visitors to High Country Region, YE Sept 2019, Business Victoria.

¹¹ Average spend per trip for day trip visitors to High Country Region (\$102 per day), YE Sept 2019, Business Victoria.

T7. ESTIMATED PROJECTED BENEFITS (YEAR 1)

Summary	Mid-level Resort at Eildon Boat Club	Integrated Golf Resort at Mountain Bay	Total Benefit
Accommodation Visitors	\$20,521,760	\$27,484,500	\$48,006,260
Golf Visitors	N/A	\$72,976	\$72,976
Residential Expansion Spend	N/A	\$6,330,000	\$6,330,000
Total Benefit	\$20,521,760	\$33,887,476	\$54,409,236

Source: Urban Enterprise, 2020.

¹² Average dwelling build cost for Victoria, ABS, 2018.

8.4. PROJECT EXPENDITURE

8.4.1. CAPITAL EXPENDITURE

Total investment in large-scale accommodation is estimated to cost \$164.7 million. This represents a cost of 124.7 million for investment in an integrated golf resort at Mountain Bay, and \$40 million for investment in a mid-level resort at Eildon Boat Club.

8.4.2. OPERATING EXPENDITURE

The operating expenses for the project assumes ongoing maintenance costs for each section of the trail as follows (note: these figures are constant across all scenarios):

- **Staffing costs.** Based on the following assumptions:
 - Mid-level resort at Eildon Boat Club: 30 FTE staff p.a. with average wage cost of \$60,000 p.a.
 - Integrated golf resort at Mountain Bay: 50 FTE staff p.a. with average wage cost of \$60,000 p.a.
- **Facility Maintenance.** Maintenance costs of \$30 per square metre, totalling \$6,141 in Year 1; and

Therefore, overall operating expenses are relatively low, increasing from a total of \$6.3 million in Year 1 to \$7.9 million in Year 10 (as all figures are inflated by 2.5% per annum over the 10-year cash flow period).

8.5. COST-BENEFIT SUMMARY

Based on the estimated visitation¹³, revenue and (capital and operating) expenditure over a 10-year period, the cost-benefit results for each investment is shown in Table T8. The key findings are summarised below:

- The project is likely to generate a positive net impact for each investment, due to its effect on additional visitor expenditure. Net impact of investment at Eildon

Boat Club ranges from \$12.7 million in Year 1, increasing to \$23.2 million in Year 10, whilst investment at Mountain Bay ranges from \$29.5 million in Year 1, to \$50.7 million in Year 10.

- Importantly, the project is also likely to generate a positive return on investment for each scenario, demonstrated by:
 - A positive NPV, ranging from \$82 million for Eildon Boat Club to \$152 million for Mountain Bay; and
 - A BCR greater than 1¹⁴ – ranging from 2.5 for Eildon Boat Club to 2 for Mountain Bay.

T8. COST-BENEFIT SUMMARY

Summary	Mid-level Resort at Eildon Boat Club	Integrated Golf Resort at Mountain Bay	Total Accommodation Investment
Visitation - Year 1	29,200	56,181	85,381
Visitation - Year 10	40,880	79,862	120,742
Benefit - Year 1	\$14,658,400	\$33,887,476	\$48,545,876
Benefit - Year 10	\$25,628,866	\$56,164,000	\$81,792,867
Expenditure - Year 1	\$1,950,000	\$4,382,520	\$6,332,520
Expenditure - Year 10	\$2,435,283	\$5,473,167	\$7,908,450
CAPEX	\$40,000,000	\$124,674,640	\$164,674,640
Net Impact - Year 1	\$12,708,400	\$29,504,956	\$42,213,356
Net Impact - Year 10	\$23,193,583	\$50,690,834	\$73,884,417
NPV	\$82,719,224	\$152,228,007	\$234,947,231
BCR	2.5	2.0	2

Source: Urban Enterprise 2020

These cost-benefit results suggest that, even with conservative visitation estimates, the large-scale accommodation investment is likely to be a **high-value** project and **financially viable**. This can be attributed to the relatively low level of capital and operating expenditure, which is more than offset by the increases in visitor expenditure.

¹³ Excluding residents, as the project does not generate additional spend from this market.

¹⁴ The NPV and BCR are calculated using a discount rate of 7%, which is consistent with Victorian Treasury guidelines;

9. ECONOMIC IMPACT ASSESSMENT

This section of the report identifies the likely economic benefits that investment in the two large-scale accommodation establishments could generate for the Hume Region, by adopting the impacts from the cost-benefit assessment.

9.1. TYPES OF ECONOMIC BENEFITS

This project is likely to be of a size, scale and function to deliver the following (direct and indirect) economic benefits to the Hume Region:

- Economic output;
- Value-added; and
- Number of jobs created and subsequent increase in wages.

The impacts are calculated using the input-output method¹⁵. Definitions for key economic terms are provided in Appendix C.

The economic benefits listed above can be attributed to a combination of growth in accommodation visitors and their resulting expenditure on food and beverage (assumed within the accommodation visitor spend), visitor spend from additional golf visitors, and spend on residential development, as well as flow-on impacts from construction.

These benefits are quantified over two distinct phases as follows:

- **The construction phase.** This includes the following short-term direct and indirect impacts occurring during the construction of the proposal:
 - The *direct* effect of the construction phase is defined by the development costs (e.g. construction costs, land acquisition, etc.); and
 - The indirect effect of this phase is typified by the subsequent flow-on impacts on other sectors of the economy, particularly the supply-chain.

- **The ongoing operational phase.** This considers the annual (i.e. ongoing) economic impact from the final year of the cashflow period¹⁶, which is derived from additional visitor spend identified in Section 8.3. The ongoing direct and indirect impacts are defined as follows:
 - The direct effect is represented by additional visitor expenditure in the region; and
 - The indirect effect reflects the additional, flow-on output generated by other sectors of the economy, particularly the supply-chain.

Please note that all assumptions in this section have been benchmarked against suitable comparators and industry standards. As such, these figures are indicative only and subject to further investigation and market testing.

¹⁵ Developed by REMPLAN and applied by Urban Enterprise

¹⁶ Note: Refers to Year 10, when the project is fully operational and established.

9.2. ECONOMIC IMPACT – CONSTRUCTION PHASE

The total capital expenditure of \$1.5 million is expected to generate the following economic benefits (direct and indirect) during the short-term construction phase in the 2020 calendar year (see Table T9):

- Total output of \$356 million, based on:
 - \$86.7 million construction impact of Mid-level Resort at Eildon Boat Club
 - \$270.2 million construction impact of Integrated Golf Resort at Mountain Bay
- 973 jobs, resulting in an increase in wages of \$67.9 million; and
- \$133 million in value-added.

T9. SHORT-TERM ECONOMIC IMPACT – CONSTRUCTION PHASE

	Output	Employment	Wages	Value-added
Impact of Mid-level Resort at Eildon Boat Club				
Direct Effect	\$40,000,000	91	\$6,449,000	\$12,636,000
Indirect Effect	\$46,705,000	145	\$10,046,000	\$19,756,000
Total Effect	\$86,705,000	236	\$16,495,000	\$32,392,000
Impact of Integrated Golf Resort at Mountain Bay				
Direct Effect	\$124,674,000	283	\$20,101,000	\$39,385,000
Indirect Effect	\$145,571,000	454	\$31,313,000	\$61,575,000
Total Effect	\$270,245,000	737	\$51,414,000	\$100,960,000
Total Impact				
Direct Effect	\$164,674,000	374	\$26,550,000	\$52,021,000
Indirect Effect	\$192,276,000	599	\$41,359,000	\$81,331,000
Total Effect	\$356,950,000	973	\$67,909,000	\$133,352,000

Source: Urban Enterprise 2020

9.3. ECONOMIC IMPACT – OPERATIONAL PHASE (ONGOING)

The ongoing (i.e. annual) benefits from the operation of the two accommodation investments is calculated by applying total projected visitor expenditure to the input-output model. This is likely to generate the following ongoing economic benefits (see Table 10).

- Total output of \$144 million, based on:
 - 45.3 million ongoing impact of Mid-level Resort at Eildon Boat Club
 - 99.3 million ongoing impact of Integrated Golf Resort at Mountain Bay
- 755 jobs across both Murrindindi and Mansfield Shires, resulting in an increase in wages of \$55 million; and
- \$106.9 million in value-added.

T10. ONGOING ECONOMIC IMPACT – OPERATIONAL PHASE (ANNUAL)

	Output	Employment	Wages	Value-added
Impact of Mid-level Resort at Eildon Boat Club				
Direct Effect	\$25,628,000	172	\$6,753,000	\$10,526,000
Indirect Effect	\$19,691,000	64	\$4,332,000	\$9,429,000
Total Effect	\$45,319,000	236	\$11,085,000	\$19,955,000
Impact of Integrated Golf Resort at Mountain Bay				
Direct Effect	\$56,164,000	378	\$14,799,000	\$23,068,000
Indirect Effect	\$43,151,000	141	\$29,445,000	\$63,855,000
Total Effect	\$99,315,000	519	\$44,244,000	\$86,923,000
Total Impact				
Direct Effect	\$81,792,000	550	\$21,552,000	\$33,594,000
Indirect Effect	\$62,842,000	205	\$33,777,000	\$73,284,000
Total Effect	\$144,634,000	755	\$55,329,000	\$106,878,000

Source: Urban Enterprise 2020

Importantly, the ongoing operation of the investments will generate substantial annual economic benefits for both Shires.

10. DELIVERY ACTION PLAN

A detailed implementation plan has been provided for each of the proposed concepts

10.1.1. DELIVERY OF MID-LEVEL RESORT AT EILDON BOAT CLUB

The following action plan outlines the key steps for delivery of a mid-level resort at Eildon Boat Club.

T11. ACTION PLAN FOR MID-LEVEL RESORT AT EILDON BOAT CLUB

Action	Delivery Lead	Cost	Timeframe
ACTION 1.1 Undertake the planning amendment process, along with other parcels of land to be rezoned in Murrindindi Shire, to rezone the Farming Zone land of the Boat Club and surrounding tourism precinct to a more appropriate zone e.g. Special Use Zone or Comprehensive Development Zone.	Murrindindi Shire Council	\$500,000	2020-21
ACTION 1.2 Eildon Boat Club to investigate delivery strategy to determine whether to self-develop or sub-lease the site.	Eildon Boat Club / GMW	N/A	2020-22
ACTION 1.3 Undertake architectural and planning concept work.	Eildon Boat Club / RDV	\$100,000	2020-22
ACTION 1.4 Promote the site to potential investors, either promoting specific properties that are strata titled, or the entire development.	Tourism North East	N/A – To be absorbed within investment attraction budget	2022
ACTION 1.5 Arrange leasehold for the resort development.	Eildon Boat Club / GMW	N/A	2023

ACTION PLAN FOR DELIVERY OF INTEGRATED GOLF RESORT AT MOUNTAIN BAY

The following action plan outlines the key steps for delivery of an integrated golf resort at Mountain Bay

T12. ACTION PLAN FOR INTEGRATED GOLF RESORT AT MOUNTAIN BAY

Action	Delivery Lead	Cost	Timeframe
ACTION 1.6 Advocate for delivery of sewerage to Goughs Bay to support investment in the Mountain Bay Integrated Golf Resort.	Mansfield Shire Council		Immediate
ACTION 1.7 Package investment prospectus information to promote the development opportunity to potential investors, either through Council or Tourism North East's websites.	Mansfield Shire Council / Tourism North East	N/A – To be absorbed within investment attraction budget	2021
ACTION 1.8 Undertake investment attraction process.	Mansfield Shire Council	N/A – To be absorbed within investment attraction budget	2021-22
ACTION 1.9 Potential investor to seek joint-venture with site owner.	Investor		2021-22
ACTION 1.10 Undertake architectural and planning concept work.	Investor		2022-23

APPENDICES

APPENDIX A ECONOMIC MODELLING FOR MID-LEVEL RESORT AT EILDON BOAT CLUB

DETAILED FINANCIAL MODEL (10 YEAR CASH FLOW)

Cost Benefit Assessment for Eildon Boat Club Accommodation											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Demand/Usage		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Accommodation visitors \$0		29,200	29,200	32,120	35,040	35,040	35,040	40,880	40,880	40,880	40,880
Total demand		29,200	29,200	32,120	35,040	35,040	35,040	40,880	40,880	40,880	40,880
Project Benefits		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Accommodation Visitors		\$14,658,400	\$15,024,860	\$16,940,530	\$18,942,592	\$19,416,157	\$19,901,561	\$23,798,950	\$24,393,924	\$25,003,772	\$25,628,866
Total visitor spend		\$14,658,400	\$15,024,860	\$16,940,530	\$18,942,592	\$19,416,157	\$19,901,561	\$23,798,950	\$24,393,924	\$25,003,772	\$25,628,866
Operating Expenditure		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Staffing Costs	30 FTE STAFF	\$1,800,000	\$1,845,000	\$1,891,125	\$1,938,403	\$1,986,863	\$2,036,535	\$2,087,448	\$2,139,634	\$2,193,125	\$2,247,953
Maintenance Costs	\$30 per sqm	\$150,000	\$153,750	\$157,594	\$161,534	\$165,572	\$169,711	\$173,954	\$178,303	\$182,760	\$187,329
Total Ongoing Expenditure		\$1,950,000	\$1,998,750	\$2,048,719	\$2,099,937	\$2,152,435	\$2,206,246	\$2,261,402	\$2,317,937	\$2,375,886	\$2,435,283
Capital Expenditure											
Total Capital Costs		\$40,000,000									
Net Impact	\$40,000,000	\$12,708,400	\$13,026,110	\$14,891,811	\$16,842,656	\$17,263,722	\$17,695,315	\$21,537,548	\$22,075,987	\$22,627,886	\$23,193,583

FINANCIAL MODEL ASSUMPTIONS

ASSUMPTIONS											
Inflation	2.5%										
Forecast growth rate	9.4%										
DEMAND/USAGE											
Accommodation visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Room Number	80.00										
Occupancy	70.00%	50.00%	50.00%	55.00%	60.00%	60.00%	60.00%	70.00%	70.00%	70.00%	70.00%
Average visitors per room	2.00										
Accommodation visitors		29,200	29,200	32,120	35,040	35,040	35,040	40,880	40,880	40,880	40,880
PROJECT BENEFITS											
Ave Visitor Expenditure		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Overnight ave spend/trip	\$502	\$502	\$515	\$527	\$541	\$554	\$568	\$582	\$597	\$612	\$627
Accommodation Visitors (ave spend)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Accommodation Visitors		\$14,658,400	\$15,024,860	\$16,940,530	\$18,942,592	\$19,416,157	\$19,901,561	\$23,798,950	\$24,393,924	\$25,003,772	\$25,628,866
Total spend		\$14,658,400	\$15,024,860	\$16,940,530	\$18,942,592	\$19,416,157	\$19,901,561	\$23,798,950	\$24,393,924	\$25,003,772	\$25,628,866

FINANCIAL IMPACT ASSUMPTIONS

Discount rate	7.0%						
Year	Benefits	Costs	Discount factor	Discounted benefits	Discounted costs	Discounted net benefits	Net benefits
0		\$ 40,000,000	1.00	\$ -	\$ 40,000,000	-\$ 40,000,000	-\$ 40,000,000
1	\$ 14,658,400	\$ 1,950,000	0.93	\$ 13,699,439	\$ 1,822,430	\$ 11,877,009	\$ 12,708,400
2	\$ 15,024,860	\$ 1,998,750	0.87	\$ 13,123,295	\$ 1,745,786	\$ 11,377,509	\$ 13,026,110
3	\$ 16,940,530	\$ 2,048,719	0.82	\$ 13,828,518	\$ 1,672,365	\$ 12,156,154	\$ 14,891,811
4	\$ 18,942,592	\$ 2,099,937	0.76	\$ 14,451,213	\$ 1,602,032	\$ 12,849,181	\$ 16,842,656
5	\$ 19,416,157	\$ 2,152,435	0.71	\$ 13,843,452	\$ 1,534,657	\$ 12,308,795	\$ 17,263,722
6	\$ 19,901,561	\$ 2,206,246	0.67	\$ 13,261,250	\$ 1,470,115	\$ 11,791,136	\$ 17,695,315
7	\$ 23,798,950	\$ 2,261,402	0.62	\$ 14,820,790	\$ 1,408,288	\$ 13,412,502	\$ 21,537,548
8	\$ 24,393,924	\$ 2,317,937	0.58	\$ 14,197,486	\$ 1,349,061	\$ 12,848,425	\$ 22,075,987
9	\$ 25,003,772	\$ 2,375,886	0.54	\$ 13,600,395	\$ 1,292,324	\$ 12,308,071	\$ 22,627,886
10	\$ 25,628,866	\$ 2,435,283	0.51	\$ 13,028,416	\$ 1,237,974	\$ 11,790,442	\$ 23,193,583
Present value benefits				\$ 137,854,254			
Present value costs				\$ 55,135,030			
Net Present Value						\$ 82,719,224	
Benefit-cost ratio							2.5

APPENDIX B ECONOMIC MODELLING FOR LARGE GOLF RESORT AT MOUNTAIN BAY

DETAILED FINANCIAL MODEL (10 YEAR CASH FLOW)

Cost Benefit Assessment for Mountain Bay Golf Resort Accommodation											
	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030
Demand/Usage		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Accommodation visitors		54,750	60,225	60,225	65,700	65,700	65,700	76,650	76,650	76,650	76,650
Golf Visitors		1,431	1,565	1,713	1,874	2,050	2,242	2,453	2,684	2,936	3,212
Total demand		56,181	61,790	61,938	67,574	67,750	67,942	79,103	79,334	79,586	79,862
Project Benefits		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Accommodation Visitor Spend		\$27,484,500	\$30,988,774	\$31,763,493	\$35,517,360	\$36,405,294	\$37,315,427	\$44,623,031	\$45,738,607	\$46,882,072	\$48,054,124
Total Golf Visitor Spend		\$72,976	\$81,832	\$91,762	\$102,897	\$115,384	\$129,385	\$145,086	\$162,693	\$182,435	\$204,574
Total Residential Expansion Spend		\$6,330,000	\$6,488,250	\$6,650,456	\$6,816,718	\$6,987,136	\$7,161,814	\$7,340,859	\$7,524,381	\$7,712,490	\$7,905,303
Total Visitor Spend		\$33,887,476	\$37,558,855	\$38,505,711	\$42,436,975	\$43,507,814	\$44,606,626	\$52,108,977	\$53,425,680	\$54,776,998	\$56,164,000
Operating Expenditure		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Staffing Costs	50 FTE STAFF	\$3,000,000	\$3,075,000	\$3,151,875	\$3,230,672	\$3,311,439	\$3,394,225	\$3,479,080	\$3,566,057	\$3,655,209	\$3,746,589
Maintenance Costs	30 per sqm	\$1,382,520	\$1,417,083	\$1,452,510	\$1,488,823	\$1,526,043	\$1,564,194	\$1,603,299	\$1,643,382	\$1,684,466	\$1,726,578
Total Ongoing Expenditure		\$4,382,520	\$4,492,083	\$4,604,385	\$4,719,495	\$4,837,482	\$4,958,419	\$5,082,380	\$5,209,439	\$5,339,675	\$5,473,167
Capital Expenditure											
Total Capital Costs	\$124,674,640	\$0.000									
Net Impact	(\$124,674,640)	\$29,504,956	\$33,066,772	\$33,901,326	\$37,717,480	\$38,670,332	\$39,648,207	\$47,026,597	\$48,216,241	\$49,437,323	\$50,690,834

FINANCIAL MODEL ASSUMPTIONS

ASSUMPTIONS											
Inflation	2.5%										
Forecast growth rate	9.4%										
Visitors to Goughs Bay (2018)	71,545	Accommodation visitors = new visitor market Golf visitors = Visitors staying in Accommodation + Extension of time/spend for existing visitors to Goughs Bay									

DEMAND/USAGE

Accommodation visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Room Number	150.00										
Average visitors per room	2.00										
Occupancy	70.00%	50.00%	55.00%	55.00%	60.00%	60.00%	60.00%	70.00%	70.00%	70.00%	70.00%
Accommodation visitors		54,750	60,225	60,225	65,700	65,700	65,700	76,650	76,650	76,650	76,650
Accommodation visitors		54,750	60,225	60,225	65,700	65,700	65,700	76,650	76,650	76,650	76,650

Golf Visitors (ave spend)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Penetration Rate	2%										
Golf Visitors (excl. Accommodation visitors)		1,431	1,565	1,713	1,874	2,050	2,242	2,453	2,684	2,936	3,212
Golf Visitors		1,431	1,565	1,713	1,874	2,050	2,242	2,453	2,684	2,936	3,212

PROJECT BENEFITS

Ave Visitor Expenditure		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Overnight ave spend/trip	\$502	\$502	\$515	\$527	\$541	\$554	\$568	\$582	\$597	\$612	\$627
Daytrip Visitor Spend	\$102	\$102	\$105	\$107	\$110	\$113	\$115	\$118	\$121	\$124	\$127

Accommodation visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Forecast growth rate	9.4%										
Accommodation visitors		\$27,484,500	\$30,988,774	\$31,763,493	\$35,517,360	\$36,405,294	\$37,315,427	\$44,623,031	\$45,738,607	\$46,882,072	\$48,054,124
Total Accommodation Visitor Spend		\$27,484,500	\$30,988,774	\$31,763,493	\$35,517,360	\$36,405,294	\$37,315,427	\$44,623,031	\$45,738,607	\$46,882,072	\$48,054,124

Golf Visitor Expenditure		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Additional Length of Stay (hrs)	4.00										
Golf Visitor Spend		\$72,976	\$81,832	\$91,762	\$102,897	\$115,384	\$129,385	\$145,086	\$162,693	\$182,435	\$204,574
Total Golf Visitor Spend		\$72,976	\$81,832	\$91,762	\$102,897	\$115,384	\$129,385	\$145,086	\$162,693	\$182,435	\$204,574

Residential Expansion		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Spend Per Property	\$316,500	\$316,500	\$324,413	\$332,523	\$340,836	\$349,357	\$358,091	\$367,043	\$376,219	\$385,625	\$395,265
Additional Lots Developed		\$6,330,000	\$6,488,250	\$6,650,456	\$6,816,718	\$6,987,136	\$7,161,814	\$7,340,859	\$7,524,381	\$7,712,490	\$7,905,303
Total Residential Expansion Spend		\$6,330,000	\$6,488,250	\$6,650,456	\$6,816,718	\$6,987,136	\$7,161,814	\$7,340,859	\$7,524,381	\$7,712,490	\$7,905,303

FINANCIAL IMPACT ASSUMPTIONS

Discount rate	7.0%						
Year	Benefits	Costs	Discount factor	Discounted benefits	Discounted costs	Discounted net benefits	Net benefits
0		\$ 124,674,640	1.00	\$ -	\$ 124,674,640	-\$ 124,674,640	-\$ 124,674,640
1	\$ 33,887,476	\$ 4,382,520	0.93	\$ 31,670,538	\$ 4,095,813	\$ 27,574,725	\$ 29,504,956
2	\$ 37,558,855	\$ 4,492,083	0.87	\$ 32,805,359	\$ 3,923,559	\$ 28,881,800	\$ 33,066,772
3	\$ 38,505,711	\$ 4,604,385	0.82	\$ 31,432,130	\$ 3,758,550	\$ 27,673,580	\$ 33,901,326
4	\$ 42,436,975	\$ 4,719,495	0.76	\$ 32,374,965	\$ 3,600,480	\$ 28,774,485	\$ 37,717,480
5	\$ 43,507,814	\$ 4,837,482	0.71	\$ 31,020,470	\$ 3,449,058	\$ 27,571,412	\$ 38,670,332
6	\$ 44,606,626	\$ 4,958,419	0.67	\$ 29,723,279	\$ 3,304,004	\$ 26,419,275	\$ 39,648,207
7	\$ 52,108,977	\$ 5,082,380	0.62	\$ 32,450,852	\$ 3,165,051	\$ 29,285,801	\$ 47,026,597
8	\$ 53,425,680	\$ 5,209,439	0.58	\$ 31,094,232	\$ 3,031,941	\$ 28,062,291	\$ 48,216,241
9	\$ 54,776,998	\$ 5,339,675	0.54	\$ 29,795,057	\$ 2,904,429	\$ 26,890,628	\$ 49,437,323
10	\$ 56,164,000	\$ 5,473,167	0.51	\$ 28,550,930	\$ 2,782,281	\$ 25,768,649	\$ 50,690,834
Present value benefits				\$ 310,917,813			
Present value costs					\$ 158,689,805		
Net Present Value						\$ 152,228,007	
Benefit-cost ratio							2.0

APPENDIX C ECONOMIC TERMS AND DEFINITIONS

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.

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 destination of work data. That is, no inference is made as to where people in a defined region reside. This employment represents total numbers of employees without any conversions to full-time equivalence. Retail jobs for instance represent typical employment profiles for that sector, i.e. some full time, some part time and some casual.

The increase in direct and indirect output and the corresponding creation of jobs in the economy are expected to result in an increase in the 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 captured in the local economy.

Value-Added data represents the marginal economic value that is added by each industry sector in a defined region. Value-Added can be calculated by subtracting local expenditure and expenditure on regional imports from the output generated by an industry sector, or alternatively, by adding the Wages & Salaries paid to local employees, the gross operating surplus and taxes on products and production. Value-Added by industry sector is the major element in the calculation of Gross Regional Product / Gross State Product / Gross Domestic Product.

Gross State Product (GSP) is the total value of final goods and services produced in the region over the period of one year. This includes exports.

Impacts used in this assessment include the following terms:

- Direct effects – Direct output or value of development or construction activity.
- Indirect effects:
 - Supply-Chain effects - The increased output generated by servicing industry sectors in response to the direct change in output and demand; and
 - Consumption effects - 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 region.



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