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ACTIVATING LAKE EILDON

PREMIER NATURE-BASED PRECINCTS BUSINESS CASE

TOURISM NORTH EAST | MAY 2020

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REGIONAL DEVELOPMENT VICTORIA

REGIONAL PARTNERSHIPS GOULBURN

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FILE Premier NTB Precincts Business Case_Urban Enterprise 2020

VERSION 1

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COVID-19 DISCLAIMER

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

TOURISM NORTH EAST

Murrindindi Shire Council

GOULBURN-MURRAY WATER

MANSFIELD SHIRE

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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.

Investment in nature based tourism was seen as key to attracting new visitor markets to Lake Eildon and also providing new experiences for existing visitor markets. There is opportunity to strengthen the visitor nodes of Goughs Bay and Eildon township by establishing premier nature based precincts in proximity to the town centres.

This business case will focus on the development of Premier Nature-based Precincts, including:

- **Mt Pinniger Nature-based Precinct in Eildon; and**
- **Fry bay Nature-based Precinct in Goughs Bay.**

CONCEPT OVERVIEW

Mt Pinniger Nature-Based Precinct

The development of a nature-based precinct at Mt Pinniger will create a visitor destination for current and future visitors, capitalising on the natural views and providing an additional attraction for visitors to region. The project will deliver a number of interventions, including:

- Iconic architectural lookout;
- Café/restaurant with views of Lake Eildon;
- Walking trail from Eildon township, with potential for signage and Indigenous interpretation along the trail length;
- Glamping development with 12 glamping tents.

The development requires funding and delivery partially from public agencies and private operators. Murrindindi Shire and Goulburn Murray Water would be lead agencies to deliver the lookout, walking trail and investment in supporting infrastructure (with support from State Government/other government agencies). A private operator would be approached to deliver the commercial investments, including glamping and café/restaurant.

Fry Bay Nature-Based Precinct

The development of a nature-based precinct at Fry Bay in Goughs Bay will create a visitor destination for current and future visitors to Goughs Bay, as well as be utilised by the local population. The project will deliver a number of interventions, including:

- Low-impact eco-retreat accommodation overlooking the Lake, with 20 suites/pods and a general hub building.
- Iconic architectural lookout;
- Walking trail from Goughs Bay township to lookout and accommodation development,
- Mountain Bike trails.

The development requires funding and delivery partially from public agencies and private operators. Mansfield Shire in partnership with DELWP would deliver the lookout, walking trail and investment in supporting infrastructure (with support from State Government/other government agencies). A private operator would be approached to deliver the commercial investments, including eco-retreat accommodation and the mountain bike trails.

ESTIMATED PROJECT COSTS

Mt Pinniger Nature-Based Precinct

Preliminary construction costings for the Mt Pinniger nature-based precinct are estimated at approximately $16.2 million[1], These preliminary costings were developed by Quantity Surveyors WTP Partnership.

This includes planning and design costs and post-work costs. A detailed costing assessment should be undertaken once detailed designs for the site are completed.

Preliminary Project Costings For Mt Pinniger

Investment Type	Item	Cost
Public	Walking Trail from Eildon township	$1.1 million
	Architectural Lookout	$4.1 million
Private	Café*	$900,000
	Glamping Tents	$3.7 million
Both	Other costs*	$6.4 million
Total		$16.2 million

Source: WTP Partnership, 2020.

*A significant proportion of the cafe costs are absorbed within the lookout construction due to design

**Includes planning and design costs, consultant fees contingencies, escalation, locality factor, and ESD allowance.

Fry Bay Nature-Based Precinct

Preliminary costings for the development of a Nature-Base Precinct at Fry Bay indicate a construction cost of approximately $23.9 million[2]. This is based on preliminary costings developed by Quantity Surveyors WTP Partnership.

This does not include an allowance for planning and design costs and post-work costs.

Preliminary Project Costings For Fry Bay

Investment Type	Item	Cost
Public	Walking Trail	$600,000
	Lookout	$1 million
	Mountain Bike Trail	$300,000
Private	Eco-retreat Accommodation & Dayspa	$21.3 million
Both	Other costs*	$750,000
Total**		$23.9 million

Source: WTP Partnership, 2020

Total Cost

The total cost of investment in both Premier Nature-based Precincts is $40.1 million.

The project requires an estimated $7.1 million in Government funding to commence. This includes delivery of a Lookout and Walking Trail at Mt Pinniger, and a Lookout, Walking Trail and mountain Bike Trail at Fry Bay.

[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.

[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.

PROJECT BENEFITS

The project will deliver the following benefits:

- Enhance existing nature-based assets through the development of formalised trails, lookouts capitalising on premium lake views, and general landscaping and amenity improvements;
- Attract a greater proportion of the High Country's lifestyle leader market through provision of contemporary, experiential glamping accommodation suited to this market's needs;
- Improving the Lake Eildon brand by delivering high quality infrastructure, product and experiences;
- Provide a high quality dining experience for existing visitor markets and target markets, and will create a destination for visitors across both Mansfield and Murrindindi Shires to visit;
- Decrease off-peak seasonality through a range of activities including a walking trail and lookout.
- Provide additional activities and food and beverage offerings to extend length of stay and increase spend from existing visitors; and
- Increasing active recreation opportunities for residents and improving township amenity and connectivity.

ECONOMIC IMPACT ASSESSMENT

Cost benefit

- Cost of $40.1 Million in total investment
  - *$16.2 million cost for Mt Pinniger*
  - *$23.9 million cost for Fry Bay*
- $7.1 Million ask for Government funding
  - *$5.2 million ask for Mt Pinniger*
  - *$1.9 million ask for Fry Bay*
- Cost benefit from direct impacts: 2
  - *2.5 cost benefit ratio for Mt Pinniger*
  - *1.5 cost benefit ratio for Fry Bay*

Short Term Economic Impact:

- Total output of $86.8 million in the Hume Region
  - *$35.1 million output to Hume region from investment at Mt Pinniger*
  - *$51.7 million output to Hume region from investment at Fry Bay*
- 237 jobs across the Hume Region
  - *96 construction jobs created by investment in Mt Pinniger*
  - *141 construction jobs created by investment in Fry Bay*

Ongoing Economic Impact:

- Total output of $36.9 million in the Hume Region
  - *$22.9 million output for Mt Pinniger*
  - *$14.1 million output for Fry Bay*
- 192 jobs across the Hume Region
  - *119 ongoing jobs created by investment in Mt Pinniger*
  - *73 ongoing jobs created by investment in Fry Bay*

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 the development of Premier Nature-based Precincts. This includes the following two components:

- **Mt Pinniger Nature-based Precinct in Eildon; and**
- **Fry bay Nature-based Precinct in Goughs 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)

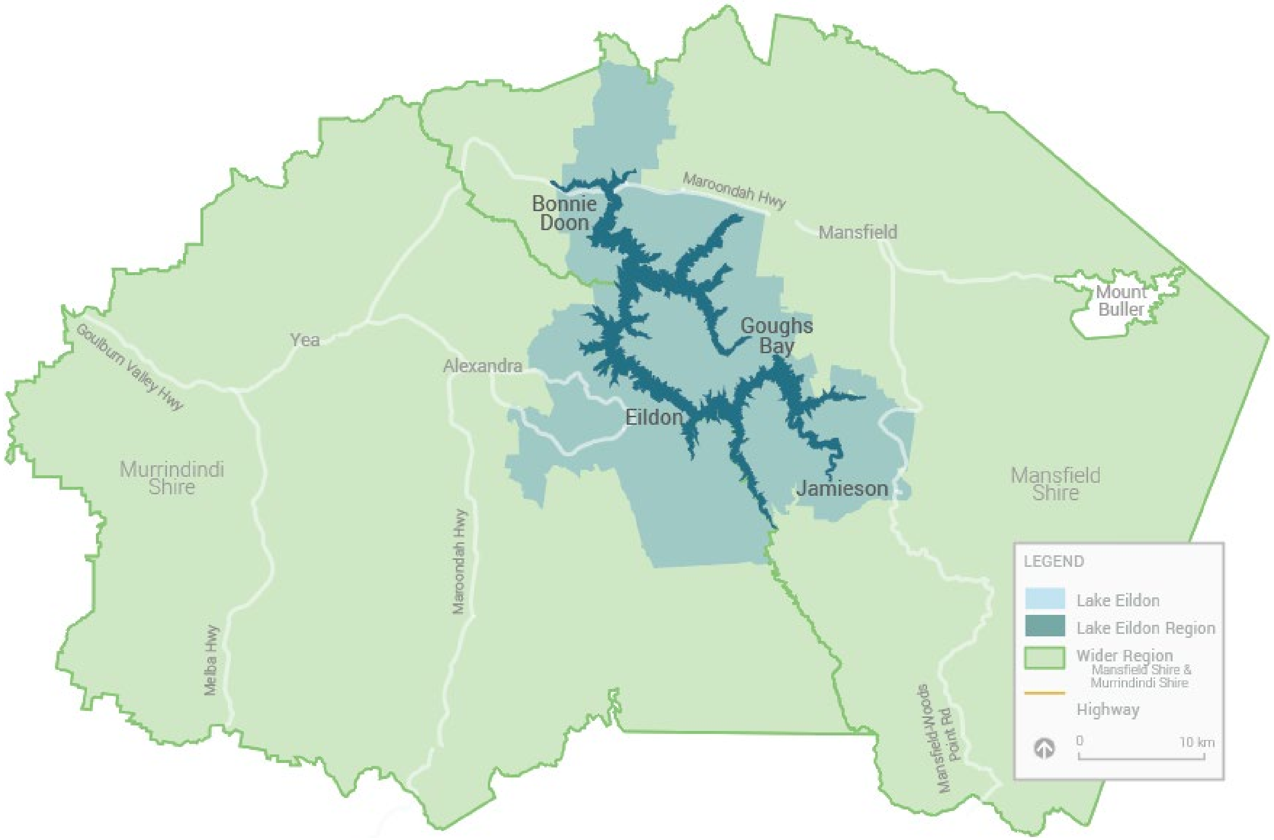
1.3. LAKE EILDON CONTEXT

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, 2019.

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 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 to 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 T1 provides an overview of tourism product within the Lake Eildon region.

T1. 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.

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:

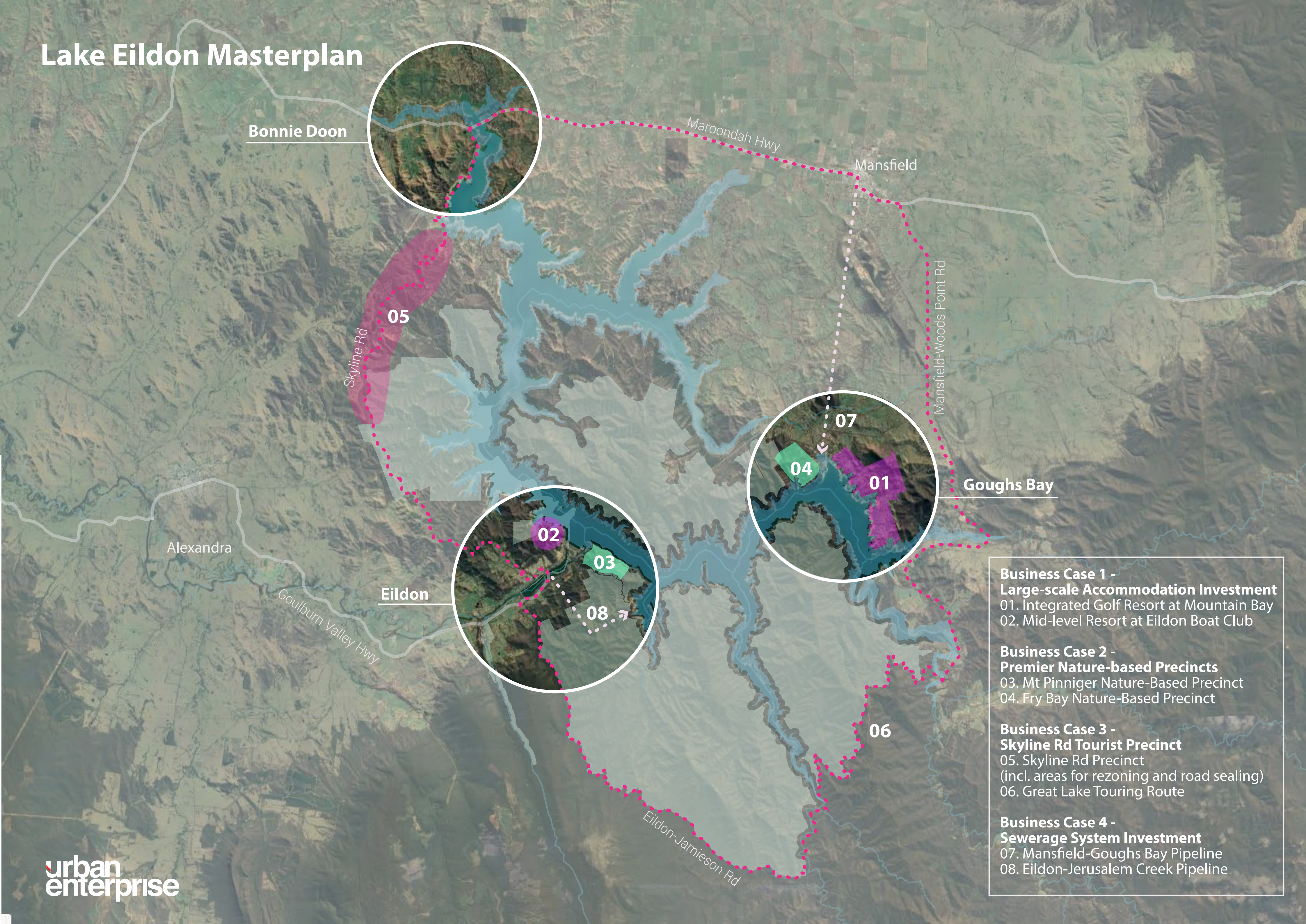
- Large-scale Accommodation Investment. The development of large-scale accommodation in Goughs Bay and Eildon will fulfil a critical gap in commercial accommodation and conferencing and events facilities, appeal to a broad market, and provide key entertainment, dining and leisure facilities that are 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
Bonnie Doon
Maroondah Hwy
Mansfield
Mansfield-Woods Point Rd
Skyline Rd
05
07
04
01
Goughs Bay
02
03
08
Alexandra
Eildon
Goulburn Valley Hwy
06
Eildon-Jamieson Rd
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
urban enterprise

3. CONCEPT 1 – MT PINNIGER NATURE-BASED PRECINCT

3.1. OVERVIEW

This section provides a detailed description of the Mt Pinniger Nature-Based Precinct 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.

3.2. THE SITE

3.2.1. SITE DETAILS

Sire Location: Eildon, with access via Jerusalem Creek Road

Land Ownership: Goulburn-Murray Water

Land Zoning: Public Conservation and Resource Zone

Mt Pinniger is located between Eildon and Jerusalem Creek, with access via Jerusalem Creek Road to the top of the site. The site is owned by Goulburn-Murray Water and therefore a lease-hold or sale of the land would need to be arranged. The site is currently Public Conservation and Resource Zone, and would need to be rezoned to either Commercial Zone or Special Use Zone to accommodate the proposed development.

3.2.2. SITE CHARACTERISTICS

The views from the peak of Mount Pinniger are shown in Figure F3. The site has extensive 360 degree views over Lake Eildon and Victoria's High Country.

Currently, Mt Pinniger has a lookout named "Foggs Lookout" but there is limited amenity at the site, with only a dated picnic table and outdoor building shelter. Removal of vegetation is required to facilitate improved views from the lookout.

F3. MT PINNIGER SITE

Source: Urban Enterprise, 2020.

3.3. THE CONCEPT

3.3.1. PROJECT DESCRIPTION

The development of a nature-based precinct at Mt Pinniger will create a visitor destination for current and future visitors. The project will deliver a number of interventions, including:

- Iconic architectural lookout;
- Café/restaurant with views of Lake Eildon;
- Walking trail from Eildon township, with potential for signage and Indigenous interpretation along the trail length;
- Glamping development with 12 glamping tents.

Investment in a destination dining facility at the peak of Mt Pinniger will complement the nature-based experience, capitalising on the natural views and providing an additional attraction for visitors to the precinct and the wider region.

The development requires funding and delivery partially from public agencies and private operators. Murrindindi Shire and Goulburn Murray Water would be lead agencies to deliver the lookout, walking trail and investment in supporting infrastructure (with support from State Government/other government agencies). A private operator would be approached to deliver the commercial investments, including glamping and café/restaurant.

Staging of the development would allow for further investment into nature-based experiences, with the potential to develop an iconic walking experience (e.g. 1000 Steps) once the return on investment of the initial phase has been achieved.

Concept images

Figure F4 shows concept plans and drawings that have been prepared by Cumulus Studio architects to visualise the Mt Pinniger Nature-Based Precinct, with investment in eco-retreat accommodation with immersive views of Lake Eildon.

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

3.3.2. CONCEPT COMPONENTS

GLAMPING

Type of Accommodation: Glamping tents.

Rooms: 12 rentable glamping tents, each with one queen bed.

Room facilities: Each room will have a range of inclusions, such as heating/cooling, a queen or king sized bed.

ICONIC ARCHITECTURAL LOOKOUT

Lookout Type: Architectural lookout, designed with cantilevered stone structure suspended over the site's edge, to provide 360 views of the Lake and surrounding High Country landscape.

Features and Facilities: Links to walking trail from Eildon township (including walking trail to glamping tents), amenities/shelter (including toilets) and parking.

CAFÉ/RESTAURANT

Dining type: Dining Premises (small café/tuckshop) overlooking Lake Eildon, with opportunity to develop an underground café built into the lookout

Capacity: 50 seated indoors, 150 seated in outdoor dining space.

WALKING TRAIL

Trail Route: Walking trail from Eildon township, that follows a route along the northern side of the Upper Pondage, along Embankment Road, around the base of Mount Pinniger along the Lake's edge, and up to the peak of Mount Pinniger.

Trail Length: 6 kms

Trail Type: Gravel trail

Trail Features: Signage, Indigenous interpretation and potential sculptural features along the trail length.

3.3.3. PRELIMINARY PROJECT COSTINGS

Preliminary construction costings for the Mt Pinniger nature-based precinct are estimated at approximately $16.2 million[3], These preliminary costings were developed by Quantity Surveyors WTP Partnership.

This includes planning and design costs and post-work costs. A detailed costing assessment should be undertaken once detailed designs for the site are completed.

T2. PRELIMINARY PROJECT COSTINGS FOR MT PINNIGER

Investment Type	Item	Cost
Public	Walking Trail from Eildon township	$1.1 million
Private	Architectural Lookout	$4.1 million
	Café*	$900,000
	Glamping Tents	$3.7 million
Both	Other costs*	$6.4 million
Total		$16.2 million

Source: WTP Partnership, 2020.

*A significant proportion of the cafe costs are absorbed within the lookout construction due to design

**Includes planning and design costs, consultant fees contingencies, escalation, locality factor, and ESD allowance.

[3] 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.

Mt Pinniger - Location Plan

Mt Pinninger - Plan

Mt Pinniger - View

Mt Pinniger - View

Mt Pinniger - View

3.4. PRECEDENTS

Case Study: Paperbark Camp, Jervis Bay

Paperbark Camp is a glamping development, with an integrated restaurant, trail facilities and outdoor activities for visitors. The development uses low-impact design integrated with the natural environment, and provides a unique experience for visitors.

This is a successful case study as it is economically viable through a publicly accessible dining establishment, with secluded glamping tents connected by walking trails, and a range of on-site activities available for visitors.

F5. PAPERBARK CAMP, JERVIS BAY

Source: Paperbark Camp

4. CONCEPT 2 – FRY BAY NATURE-BASED PRECINCT

4.1. OVERVIEW

This section provides a detailed description of the Fry Bay nature-based precinct 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.

4.2. THE SITE

4.2.1. SITE DETAILS

Fry Bay is a small bay in Lake Eildon, just west of Goughs Bay township. The site encompasses the former forestry land that is managed by DELWP.

Site Location: Fry Bay, Goughs Bay

Land Ownership: Crown land managed by the Department of Environment Land Water and Planning (DELWP)

Land Zoning: Farming Zone

4.2.2. SITE CHARACTERISTICS

The Fry Bay site is shown in Figure F6.

Fry Bay is a unique location in that it has access to deep water at most water levels. The Lake banks are steep (unlike many other locations), which improves the amenity at this location and ensures that water levels will not significantly impact the views and amenity of a potential development.

An informal lookout already exists at the peak of the Fry Bay precinct along Fry Bays Road, with which would provide 360 degree views of the Lake if vegetation was removed.

F6. FRY BAY SITE

Source: Urban Enterprise, 2020

4.3. THE CONCEPT

4.3.1. PROJECT DESCRIPTION

The development of a nature-based precinct at Fry Bay in Goughs Bay will create a visitor destination for current and future visitors to Goughs Bay, as well as be utilised by the local population. The project will deliver a number of interventions, including:

- Low-impact eco-retreat accommodation overlooking the Lake, with 20 suites/pods and a general hub building.
- Iconic architectural lookout;
- Walking trail from Goughs Bay township to lookout and accommodation development,
- Mountain Bike trails.

The development requires funding and delivery partially from public agencies and private operators. Mansfield Shire in partnership with DELWP would deliver the lookout, walking trail and investment in supporting infrastructure (with support from State Government/other government agencies). A private operator would be approached to deliver the commercial investments, including eco-retreat accommodation and the mountain bike trails.

Concept Images

Figure F7 shows concept plans and drawings that have been prepared by Cumulus Studio architects to visualise the Fry Bay Nature-Based Precinct, with investment in eco-retreat accommodation with immersive views of Lake Eildon.

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

4.3.2. CONCEPT COMPONENTS

ECO-RETREAT ACCOMMODATION

Type of Accommodation: Self-contained eco-retreats.

Rooms: 20 eco-retreats; 12 standard pavilion rooms and 8 premium pavilion rooms.

Room facilities: Each room will have a range of facilities, including heating/cooling, king-sized bed, living spaces and an out-door deck. The difference between the standard and premium rooms would be in terms of the quality of furnishings and fittings.

Retreat facilities: Communal lounge for visitors and day Spa for use by accommodation visitors as well as other visitors to the region

ICONIC ARCHITECTURAL LOOKOUT

Lookout Type: Architectural lookout.

Features and Facilities: Links to walking trail from Goughs Bay township and to the eco-retreat accommodation at Fry Bay.

WALKING TRAIL

Trail Route: Walking trail from Goughs Bay township, via Bayside Boulevard and Fry Bays Road up to the peak of Fry Bay to the lookout.

Trail Length: 3 kms

Trail Type: Gravel trail

Trail Features: Signage and potential sculptural features along the trail length.

MOUNTAIN BIKE TRAILS

Trail Route: Mountain bike trails from Goughs Bay township

Trail Length: 6 kms

Trail Type: Gravity flow trail

4.3.3. PRELIMINARY PROJECT COSTINGS

Preliminary costings for the development of a Nature-Base Precinct at Fry Bay indicate a construction cost of approximately $23.9 million[4]. This is based on preliminary costings developed by Quantity Surveyors WTP Partnership.

This does not include an allowance for planning and design costs and post-work costs.

T3. PRELIMINARY PROJECT COSTINGS FOR FRY BAY

Investment Type	Item	Cost
Public	Walking Trail	$600,000
	Lookout	$1 million
	Mountain Bike Trail	$300,000
Private	Eco-retreat Accommodation & Dayspa	$21.3 million
Both	Other costs*	$750,000
Total**		$23.9 million

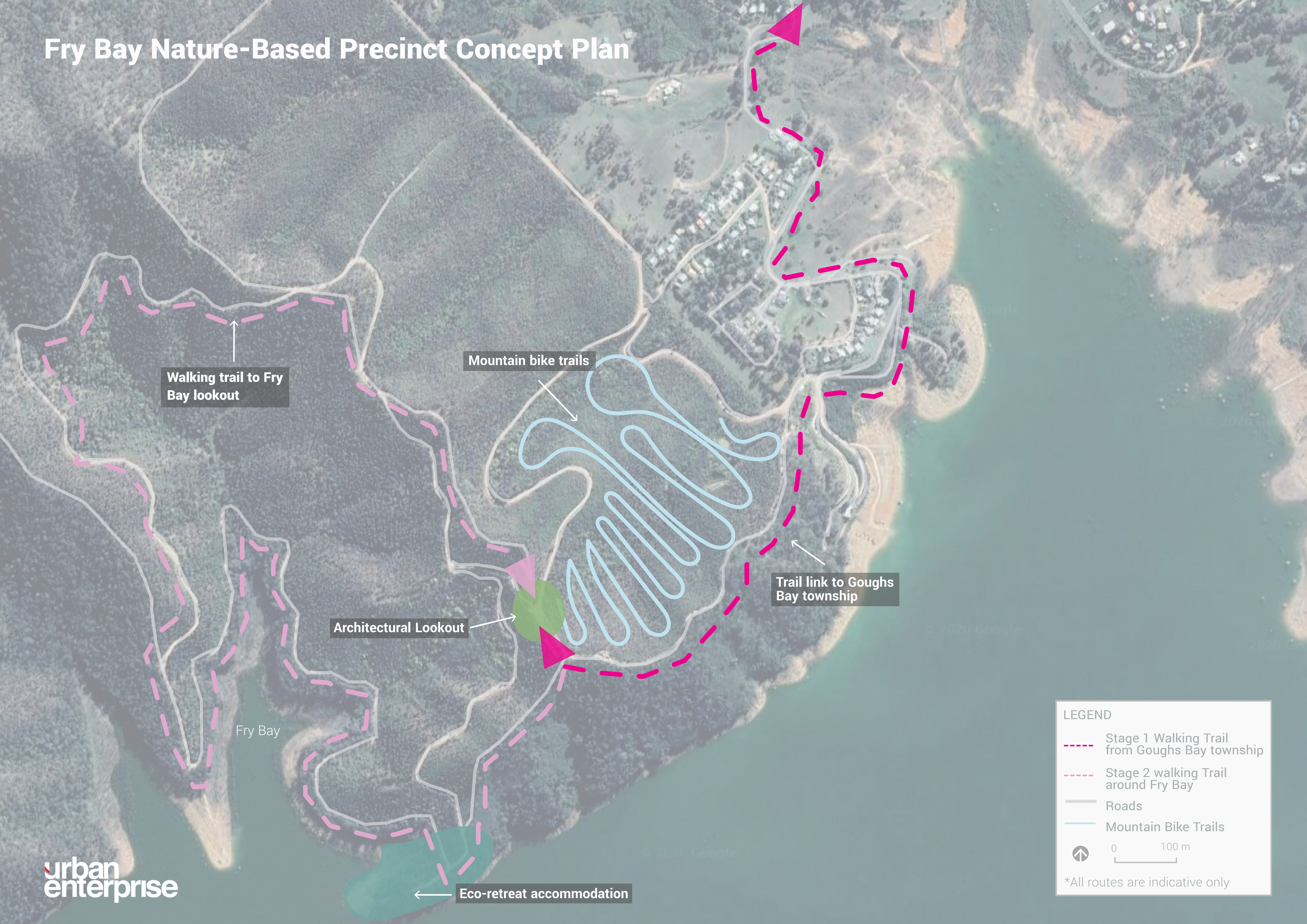
Source: WTP Partnership, 2020

*Includes ESD allowance.

**Does not include planning and design costs, consultant fees, contingencies, escalation, locality factor.

[4] 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.

Fry Bay Nature-Based Precinct Concept Plan



urban enterprise

Fry Bay - Plan


01
02
03
04
05
06
07
08
09
10
01. Arrival + Access
02. Entry experience with main view framed
03. Reception + vertical circulation
04. Access to lounge areas + restaurant
05. Access path to pavilions
06. Accommodation pavilions - Standard
07. Accommodation pavilions - Premium
08. Landscaped terrace
09. Day Spa pavilion
10. Parking area
Scale 1:1000

Fry Bay - View


developing great ideas together
CUMULUS STUDIO
architecture & design

Fry Bay - View


developing great ideas together
CUMULUS STUDIO
architecture & design

4.4. PRECEDENTS

Case Study: Freycinet Lodge Coastal Pavilions, Tasmania

Freycinet Lodge Coastal Pavilions are self-contained eco-accommodation nestled into the Tasmanian wilderness in Freycinet National Park.

The pavilions each have a king bed configuration, outdoor bathtub, separate living area and expansive deck. These eco-retreats are designed to provide an escape for the experience-driven Lifestyle Leader market, and would be particularly attractive to the High Country region's Lifestyle Leader market.

These luxury but low-impact designs are intended to integrate into the site, and provide an immersive nature-based experience for visitors. The coastal bush setting of this highly successful accommodation development is unique, however shares many similarities to the bushland in Fry Bay that fronts onto the Lake.

F9. FREYCINET LODGE COASTAL PAVILLIONS

Source: Freycinet Lodge Coastal Pavilions.

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

- Limited investment in nature based experiences. The region has experienced limited investment in nature-based experiences, with very few formalised trails, tours or lookouts.
- Lack of experiential accommodation, which will assist the region to leverage nature based-assets and increase visitor yield.
- Limited family friendly tourism product and experiences. A lack of activities and experiences for families results in a loss of potential visitor expenditure.
- Limited waterfront investment to capitalise on lake views. There are a number of un-developed locations with immersive views of Lake Eildon, which have the opportunity to be capitalised on for the development of nature-based experiences.
- Low awareness of Lake Eildon as a high quality nature-based destination, with a low proportion of new visitors to the region.
- Reinforcing the township nodes and settlement hierarchy, through investment in complementary tourism product at existing visitor destinations.
- Extending length of stay and spend for existing visitors by delivering new product.
- Delivering product for projected growing visitor market, to ensure there are adequate experiences and products to satisfy visitor wants and needs.
- Delivering product targeted towards identified Lifestyle Leader market, who are a high-yielding market who have expectations of quality nature-based experiences, experiential accommodation and complementary food and beverage product.

5.3. PROBLEMS

- Informal and low-quality nature-based offering doesn't appeal to Lifestyle Leader market.
- There are few tourism experiences in the region that generate yield from visitors.
- Existing accommodation offering only appeals to low-yield visitor markets. 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.

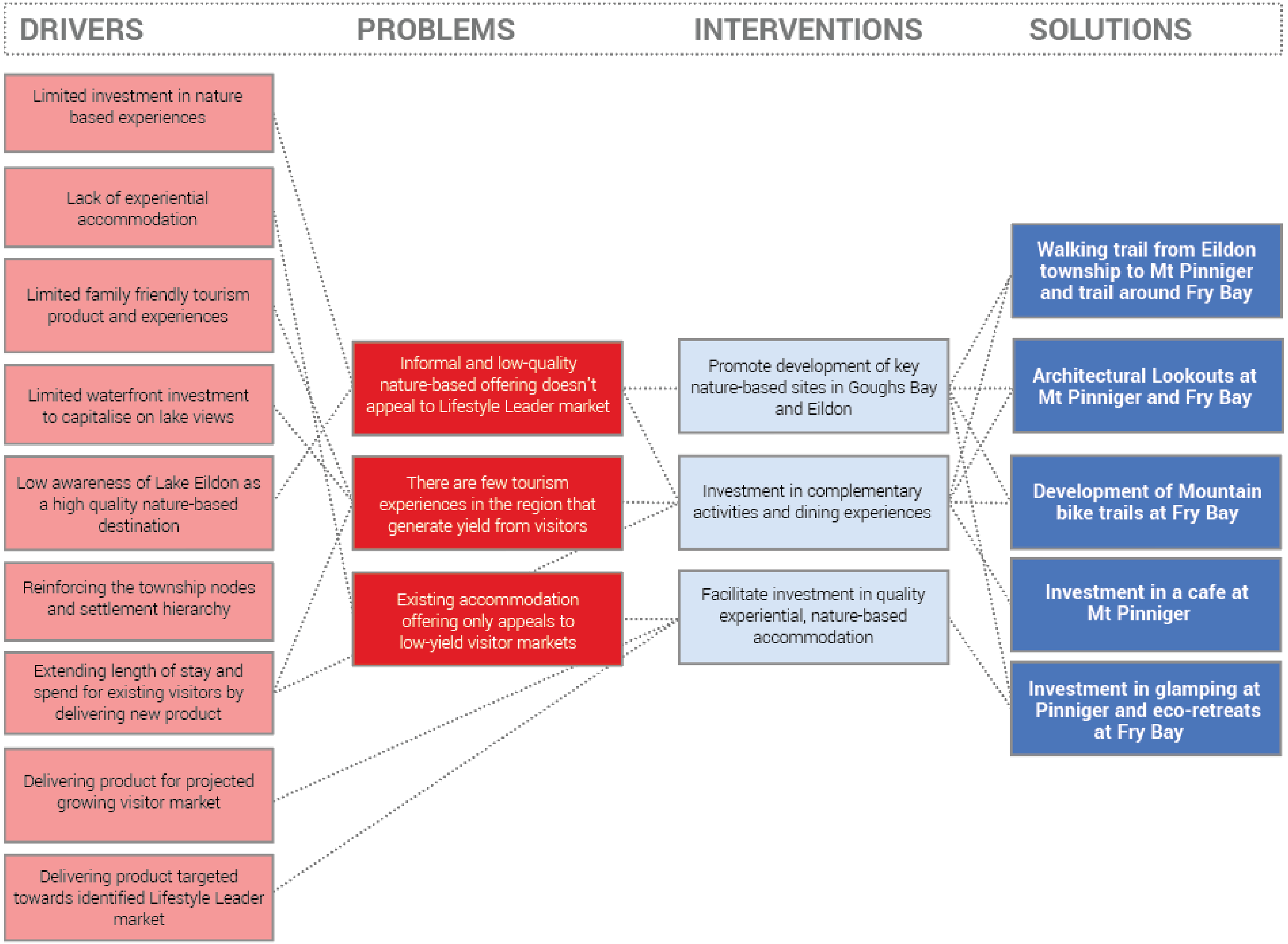
5.4. INTERVENTIONS

- Promote development of key nature-based sites in Goughs Bay and Eildon. Promote use of DELWP and GMW land that has natural amenity and is in suitable development locations.
- 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 quality experiential, nature-based accommodation that is contemporary and attractive to the Lifestyle Leader market.

5.5. THE SOLUTION

- Investment in glamping at Mt Pinniger and eco-retreats Fry Bay .
- Investment in a café at Mt Pinniger.
- Walking trail from Eildon township to Mt Pinniger and trail around Fry Bay.
- Development of Mountain bike trails at Fry Bay.
- Architectural Lookouts at Mount Pinniger and Fry Bay.

F10. INVESTMENT LOGIC MAP



6. PROJECT DRIVERS

Limited investment in nature based experiences

There has been limited investment in nature based experiences, including the development of tracks trails, tour activities, nature based accommodation and active outdoor recreation. The majority of walking tracks and lookouts in the region are low-quality or informal, and are either outdated, unappealing to visitors and/or poorly promoted.

Results from a survey of visitors to the Lake Eildon highlight the importance of nature based tourism as a key driver of visitation to the region. The masterplan needs to consider investment in nature based activities that will grow visitation in lifestyle leader markets and strengthen visitation outside of the warmer months.

Lack of experiential accommodation to leverage nature based-assets and increase visitor yield

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.

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.

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.

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

Development of nature-based precincts with a range of activities such as walking and mountain biking, will provide opportunities for visitors to engage with additional activities, and generate additional yield through extended length of stay.

Investment in food and beverage experiences will support 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 nature-based precincts will provide family friendly activities, including walking trails, look outs and food and beverage establishments. Provision of these products and experiences will assist in engaging this sector to encourage expenditure and extend length of stay.

Limited waterfront investment to capitalise on lake views

The Lake Eildon region has attracted little investment in waterfront visitor accommodation or dining experiences. The only waterfront dining establishment available for public use is Aqua Bar, and commercial waterfront accommodation is limited to a few lake-side tourist parks and a few tourist parks on the Eildon Pondage.

Development of nature-based precincts at Mount Pinniger and Fry Bay will utilise Goulburn-Murray Water and DELWP sites that are conducive to waterfront investment.

Low awareness of Lake Eildon as a high quality nature-based destination

There is low awareness of Lake Eildon as a visitor destination with quality nature-based products and experiences, resulting from limited marketing and branding of the Lake Eildon region, lack of visitor servicing, and low levels of investment in nature-based assets.

This is reflected in the number of repeat visitors, most of whom are familiar with the region and are repeat visitors. 22% of visitors surveyed were visiting the Lake Eildon Region for the first time, whereas 78% of visitors were repeat visitors, with a high proportion of these repeat visitors visiting on a regular basis. This indicates low awareness of Lake Eildon to other visitor markets.

Reinforcing the township nodes and settlement hierarchy

Development of premier nature-based precincts at Eildon and Goughs Bay reinforces the roles of these towns as key destinations for the Lake Eildon region. These are already significant visitor destinations, with the majority of commercial accommodation found within Eildon/Taylor Bay (340 rooms), followed by Bonnie Doon (201 rooms) and Goughs Bay (164 rooms), as well as the highest numbers of holiday homes.

Directing significant investment to these nodes will help to improve the visitor experience for existing visitors, as well as further establishing them as destinations for new visitors to the region.

Delivering product for projected growing visitor market

Using the adopted midpoint scenario, it is projected that the Lake Eildon region will have a fairly substantial increase in visitation to reach 1,474,800 visitors by 2030[5], representing an additional 604,922 visitors by 2030.

The projected growth in visitors reinforces the need for investment to provide a unique tourism experience for these visitors, as well as a need for infrastructure and visitor services to properly service the growth.

Delivering product targeted towards identified lifestyle leader market

As Lifestyle Leaders are higher yielding visitors who are interested in a range of attractions and experiences, it will be important to develop a range of high-quality experiences for this market that will inspire them to visit the Lake Eildon region.

[5] Source: Urban Enterprise, projections based on PAVE modelling, Victorian Population Growth Rate, TRA Historic Growth Rate for North East Victoria and Tourism Victoria Growth Rate, 2019.

Key product gaps for this market include:

- Arts and culture
- Festivals and events
- Agri-business and farmgate experiences
- Wineries, breweries and distilleries
- Destination Dining
- Formalised nature-based experiences
- Indigenous cultural touring
- Contemporary accommodation, including resort-style, experiential and boutique

Development of nature-based precincts with a range of quality, contemporary experiences will assist to attract greater numbers of Lifestyle Leaders. The development of nature-based precincts at Mt Pinniger and Fry Bay will fulfil a range of product gaps needed to attract this market, including experiential accommodation, quality food and beverage, quality nature-based walking trails, mountain bike trails, and day spa facilities.

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

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 nature-based precincts. This includes quantitative (economic) benefits, and qualitative benefits (social and environmental).

7.2. QUANTITATIVE BENEFITS

INCREASE IN VISITOR SPEND

Investing in a range of additional activities and contemporary 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 nature-based precincts at Mount Pinniger and Fry Bay will inject an additional $10.4 million into the regional economy through direct visitor expenditure in Year 1. This is detailed further in Section 8.

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

PROVIDING LOCAL EMPLOYMENT OPPORTUNITIES

Both precincts will create and support new jobs from a variety of sources, including construction and operation of the various components. In addition, a number of the activities offered to visitors (e.g. food and beverage establishments and accommodation) 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 benefited by investment in new accommodation and a new restaurant. 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.

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 a high quality nature-based experience and contemporary accommodation suited to visitor expectations, investment in nature-based precincts at Mt Pinniger and Fry Bay could enhance the status of Lake Eildon as a desirable visitor destination, particularly for visitors seeking high-quality nature-based experiences.

In particular, visitors to the Lake would have greater choice of accommodation, higher quality food and beverage destinations to dine out, and better infrastructure and amenity at nature-based destinations.

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 investment in sewerage systems for Goughs Bay/Mountain Bay. The economic benefit that would be provided by a new, high quality accommodation establishment in Fry Bay, as well as potential development of an integrated golf resort at Mountain Bay, would provide significant justification for State Government investment in sewerage infrastructure for Goughs Bay.

This would have additional benefits for community members through an uplift in property value and reduced development costs. Important environmental outcomes would also be realised by sewerage investment, 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.

NEW FACILITIES FOR RESIDENTIAL AND COMMUNITY USE

The development of nature-based precincts at Mt Pinniger and Fry Bay will have flow-on benefits for local residents, in terms of health and wellbeing, as well as infrastructure and amenity improvements.

The development of new walking trails and mountain bike facilities will have health and wellbeing benefits for residents, providing greater opportunities for active recreation, and improving the physical and social connectivity of the township.

Investment in walking trails, look outs and associated landscaping improvements will provide upgraded infrastructure for community use, and improve township amenity for locations that have received little investment.

8. COST BENEFIT ASSESSMENT

8.1. INTRODUCTION

A cost-benefit model was developed for the Premier Nature-based Precinct investment projects over a 10-year cash flow period, showing the operation from commencement in 2021 (Year 1) through to 2030 (Year 10)[6] This assessment draws on projected usage of the accommodation establishments (i.e. visitor demand) and includes an estimate of:

- Capital and development costs;
- 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.

[6] Project construction/development is expected to be completed during the 2020 calendar year (before operation), which is defined as Year 0.

8.2. VISITOR MARKET

8.2.1. TARGET MARKETS

The development of the Nature-Based Precincts 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.

The lifestyle leader market is assumed to be attracted to the following components:

- Architecturally designed lookouts;
- Experiential accommodation;
- Walking trails;
- Café/restaurant;
- Mountain Bike trails; and
- Day Spa.

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

HABITUAL VISITORS

Although not a high-yielding market, the Habitual visitor market are assumed to use the site by adding an additional activity to their trip and therefore generating additional yield from existing visitors.

The lifestyle leader market is assumed to be attracted to the following components:

- Architecturally designed lookouts;
- Walking trails;
- Café/restaurant;
- Mountain Bike trails; and
- Day Spa.

RESIDENTS

The walking trails and mountain bike trails will be used by residents, and will provide a critical upgrade to community infrastructure for Eildon and Goughs Bay 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.

8.2.2. ESTIMATED VISITOR DEMAND

To calculate the net impact of the Nature Based Precinct Investments, the following visitor impact scenarios were adopted for **a range of visitor segments** to calculate the number of ***additional*** visitors generated by each facility.

Projected demand for Year 1 is shown in Table T4, which estimates 98,730 additional visits to the region through investment in a Nature-Based Precinct at Mt Pinniger, and 20,908 visitors to Nature-Based Precinct at Fry Bay. This represents a total of 119,639 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:

- **Lookout visitors.** Based on an additional 6% of existing visitors to the area (i.e. 224,926 visitors to Eildon/Taylor Bay and 71,545 visitors to Goughs Bay in 2018) visiting the lookout.
- **Accommodation visitors.** This is based on total capacity of 12 glamping tents at Mt Pinniger and 20 rooms for the eco-retreat at Fry Bay, and predicted 50% occupancy in Year 1, with forecast growth to 70% over the 10 year period.
- **Walking visitors.** A penetration rate of 6% of existing visitors to each area was applied, based on the difference between visitors undertaking bushwalking in the Lake Eildon Region (26%) compared to the High Country region (32%)[7].
- **Café/Restaurant visitors.** Based on usage of the café/restaurant by both site users (i.e. walking, lookout and accommodation visitors) and a proportion of existing visitors to the Lake Eildon region. A penetration rate of 16% of existing visitors to the Lake Eildon region has been used, based on the difference between visitors dining out in the Lake Eildon Region (43%) compared to the High Country region (59%)[8].
- **Mountain Bike visitors.** Using a penetration rate of 6% of existing visitors to Goughs Bay, based on the difference between visitors undertaking cycling in the Lake Eildon Region (1%) compared to the High Country (7%).
- **Day Spa visitors.** Based on the assumption that 30% of accommodation visitors will use the day spa, and these visitors will be 50% of annual visitors to the day spa. This assumes an additional 50% of visits to the day spa are from existing visitors to the Lake Eildon region.

An average annual growth rate of 9.4% was applied to each visitor segment over the 10-year period to represent growth in overnight visitation (aligned with historic growth of High Country region)[9].

T4. ESTIMATED VISITOR DEMAND (YEAR 1)

Summary	Mt Pinniger Nature-Based Precinct	Fry Bay Nature-Based Precinct	Total
Lookout Visitors	13,496	4,293	17,788
Accommodation Visitors	4,380	8,030	12,410
Walking Visitors	13,496	4,293	17,788
Café/restaurant Visitors	67,359	N/A	67,359
Mountain Bike Visitors	N/A	4,293	4,293
Day Spa Visitors	N/A	2,409	2,409
Total	98,730	20,908	119,639

Source: Urban Enterprise, 2020.

[7] Uses Intercept Survey research and TRA Activities research.

[8] Uses Intercept Survey research and TRA Activities research.

[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.

8.3. PROJECT ECONOMIC BENEFITS

As mentioned previously, investment in Nature-Based Precincts is likely to generate significant benefits to the region through visitor expenditure.

To estimate the net impact of visitor expenditure (i.e. additional visitor yield), the total level of expenditure was estimated for each product.

Table T5 details the estimated visitor expenditure for each precinct as generated by the target markets.

Overall, the total benefit provided by the Mt Pinniger Nature-Based Precinct in Year 1 is expected to be $5.8 million, with the Fry Bay Nature-Based Precinct expected to provide $4.6 million in total benefit, including a range of visitors. This is based on the following assumptions:

- Lookout visitors. Based on day trip visitor expenditure provided by an additional length of stay of one hour[10]
- Accommodation visitors. Each accommodation visitor is estimated to spend an average of $502[11] per trip.
- Walking visitors. Based on day trip visitor expenditure provided by an additional length of stay of 2.5 hours for each walking trail[12].
- Café/Restaurant visitors. Based on average food and beverage spend of $52 per visitor[13].
- Mountain Bike visitors. Based on day trip visitor expenditure provided by an additional length of stay of 2 hours[14].
- Day Spa visitors. Based on daytrip expenditure of $102 per day for visitors to the High Country.

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

T5. ESTIMATED PROJECTED BENEFITS (YEAR 1)

Summary	Mt Pinniger Nature-Based Precinct	Fry Bay Nature-Based Precinct	Total
Lookout Visitors	$172,068	$54,732	$226,800
Accommodation Visitors	$2,198,760	$4,031,060	$6,229,820
Walking Visitors	$430,171	$136,830	$567,001
Café/restaurant Visitors	$3,034,201	N/A	$3,034,201
Mountain Bike Visitors	N/A	$109,464	$109,464
Day Spa Visitors	N/A	$245,718	$245,718
Total	$5,835,201	$4,577,804	$10,413,004

Source: Urban Enterprise, 2020.

[10] Daytrip spend of $102 for the High Country region, TRA 2019.

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

[12] Daytrip spend of $102 for the High Country region, TRA 2019.

[13] TRA, Local Expenditure by type, TRA 2019.

[14] Daytrip spend of $102 for the High Country region, TRA 2019.

8.4. PROJECT EXPENDITURE

8.4.1. CAPITAL EXPENDITURE

Total investment in Premier Nature-Based Precincts is estimated to cost $40.13 million. This represents a cost of $16.2 million for investment in Mt Pinniger Nature-Based Precinct, and $23.9 million for investment in Fry Bay Nature-Based Precinct.

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:
  - Mt Pinniger Nature-Based Precinct: 15 FTE staff p.a. with average wage cost of $60,000 p.a.
  - Fry Bay Nature-Based Precinct: 10 FTE staff p.a. with average wage cost of $60,000 p.a.
- **Facility Maintenance & Operation**. Per annum costs of $30 per square metre, totalling $65,790 for Mt Pinniger and $62,880 for Fry Bay in Year 1.

Therefore, overall operating expenses are relatively low, increasing from a total of $1.6 million in Year 1 to $2.03 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 visitation[15], revenue and (capital and operating) expenditure over a 10-year period, the cost-benefit results for each investment is shown in Table T6. 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 Mt Pinniger ranges from $4.9 million in Year 1, increasing to $11.8 million in Year 10, whilst investment at Fry Bay ranges from $3.9 million in Year 1, to $7.1 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 $36.3 million for Mt Pinniger to $13.9 million for Fry Bay; and
  - A BCR greater than 1[16] – ranging from 2.5 for Mt Pinniger to 1.5 for Fry Bay.

T6. COST-BENEFIT SUMMARY

Summary	Mt Pinniger Nature-Based Precinct	Fry Bay Nature-Based Precinct	Total
Visitation - Year 1	107,188	23,317	130,505
Visitation - Year 10	212,467	44,535	257,002
Benefit - Year 1	$5,835,201	$4,577,804	$10,413,004
Benefit - Year 10	$12,964,322	$7,939,907	$20,904,228
Expenditure - Year 1	$965,790	$658,230	$1,624,020
Expenditure - Year 10	$1,206,139	$822,039	$2,028,178
CAPEX	$16,210,000	$23,925,582	$40,135,582
Net Impact - Year 1	$4,869,411	$3,919,574	$8,788,984
Net Impact - Year 10	$11,758,182	$7,117,868	$18,876,050
NPV	$36,310,796	$13,874,254	$50,185,050
BCR	2.5	1.5	2

Source: Urban Enterprise, 2020.

These cost-benefit results suggest that, even with conservative visitation estimates, the nature-based precinct 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.

[15] Excluding residents, as the project does not generate additional spend from this market.

[16] 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 Nature-Based Precincts at Mt Pinniger and Fry Bay 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 method[17]. 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, spend from visitors to a café/restaurant, and visitor spend generated from additional length of stay for existing visitors using walking trails, mountain bike trails and visiting lookouts,

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 period[18], 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.

[17] Developed by REMPLAN and applied by Urban Enterprise

[18] 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 T7):

- Total output of $86.8 million, based on:
  - $35.1 million construction impact of Mt Pinniger Nature-Based Precinct
  - $51.7 million construction impact of Fry Bay Nature-Based Precinct
- 237 jobs, resulting in an increase in wages of $16.6 million; and
- $32.5 million in value-added.

T7. SHORT-TERM ECONOMIC IMPACT – CONSTRUCTION PHASE

	Output	Employment	Wages	Value-added
Impact of Mt Pinniger Nature-Based Precinct				
Direct Effect	$16,210,000	37	$2,614,000	$5,121,000
Indirect Effect	$18,927,000	59	$4,071,000	$8,006,000
Total Effect	$35,137,000	96	$6,685,000	$13,127,000
Impact of Fry Bay Nature-Based Precinct				
Direct Effect	$23,925,000	54	$3,857,000	$7,558,000
Indirect Effect	$27,756,000	87	$6,009,000	$11,817,000
Total Effect	$51,681,000	141	$9,866,000	$19,375,000
Total Impact				
Direct Effect	$40,135,000	91	$6,471,000	$12,679,000
Indirect Effect	$46,683,000	146	$10,080,000	$19,823,000
Total Effect	$86,818,000	237	$16,551,000	$32,502,000

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 T8).

- Total output of $40 million, based on:
  - $22.9 million construction impact of Mt Pinniger Nature-Based Precinct
  - $14 million construction impact of Fry Bay Nature-Based Precinct
- 192 ongoing jobs across both Murrindindi and Mansfield Shires, resulting in an increase in wages of $9 million; and
- $16.3 million in value-added.

T8. ONGOING ECONOMIC IMPACT – OPERATIONAL PHASE (ANNUAL)

	Output	Employment	Wages	Value-added
Impact of Mt Pinniger Nature-Based Precinct				
Direct Effect	$12,964,000	87	$3,416,000	$5,325,000
Indirect Effect	$9,960,000	32	$2,191,000	$4,770,000
Total Effect	$22,924,000	119	$5,607,000	$10,095,000
Impact of Fry Bay Nature-Based Precinct				
Direct Effect	$7,939,000	53	$2,092,000	$3,261,000
Indirect Effect	$6,099,000	20	$1,341,000	$2,921,000
Total Effect	$14,038,000	73	$3,433,000	$6,182,000
Total Impact				
Direct Effect	$20,903,000	140	$5,508,000	$8,586,000
Indirect Effect	$16,059,000	52	$3,532,000	$7,691,000
Total Effect	$36,962,000	192	$9,040,000	$16,277,000

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 the delivery of both Mt Pinniger and Fry Bay Nature-Base Precincts.

T9. ACTION PLAN FOR MT PINNIGER NATURE-BASED PRECINCT

Action		Delivery Lead	Cost	Timeframe
ACTION 1.1	**Undertake the planning scheme amendment process, along with other parcels of land to be rezoned in Murrindindi Shire, to rezone Mt Pinniger from Public Conservation and Resource Zone land to a more appropriate zone to support tourism investment.**	Murrindindi Shire Council	$100,000	2020-21
ACTION 1.2	**Murrindindi Shire to become land manager for GMW part of Mt Pinniger.**	Murrindindi Shire Council		2021
ACTION 1.3	**Seek funding for public infrastructure.**	Murrindindi Shire Council / Goulburn Murray Water/ Regional Development Victoria		2021-22
ACTION 1.4	**Identify potential private sector leaseholds within each precinct and seek private sector partners.**	Murrindindi Shire Council		2022
ACTION 1.5	**Prepare detailed masterplan for the precinct.**	Murrindindi Shire Council	$200,000	2022
ACTION 1.6	**Promote the site to potential investors.**	Tourism North East	N/A – To be absorbed within investment attraction budget	2023
ACTION 1.7	**Arrange leasehold for the site.**	Goulburn-Murray Water/ Murrindindi Shire		2023

T10. ACTION PLAN FOR FRY BAY NATURE-BASED PRECINCT

Action		Delivery Lead	Cost	Timeframe
ACTION 1.8	**Undertake the planning amendment process, along with other parcels of land to be rezoned in Murrindindi Shire, to rezone the Farming Zone land of Fry Bay.**	Mansfield Shire Council	$100,000	2020-23
ACTION 1.9	**DELWP to investigate land designation to reflect proposed uses.**	DELWP		2020-21
ACTION 1.10	**Seek funding for public infrastructure.**	Mansfield Shire Council/ Regional Development Victoria		2020-22
ACTION 1.11	**Mansfield Shire to seek to be appointed as land manager.**	DELWP/Mansfield Shire		2021
ACTION 1.12	**Identify potential private sector leaseholds within each precinct and seek private sector partners.**	Mansfield Shire Council/DELWP		2022
ACTION 1.13	**Prepare detailed masterplan for the precinct.**	Mansfield Shire Council/ Regional Development Victoria	$150,000	2021/22
ACTION 1.14	**Package investment prospectus information to promote the development opportunity to potential investors, either through Council or Tourism North East's websites.**	Tourism North East	N/A – To be absorbed within investment attraction budget	2022
ACTION 1.15	**Promote the site to investors.**	Mansfield Shire Council / Tourism North East	N/A – To be absorbed within investment attraction budget	2023
ACTION 1.16	**Arrange leasehold for the site.**	DELWP		2023
ACTION 1.17	**Undertake architectural and planning concept work for eco-retreat accommodation.**	Investor		2024

APPENDICES

APPENDIX A ECONOMIC MODELLING FOR NATURE-BASE PRECINCT AT MT PINNIGER

DETAILED FINANCIAL MODEL (10 YEAR CASH FLOW)

	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
Lookout Visitors		13,496	14,764	16,152	17,670	19,331	21,148	23,136	25,311	27,690	30,293
Glamping Accommodation Visitors		4,380	4,380	4,380	4,380	5,256	5,256	5,256	5,256	5,256	5,256
Walking Visitors		13,496	14,764	16,152	17,670	19,331	21,148	23,136	25,311	27,690	30,293
F&B visitors		67,359	73,279	79,756	86,841	95,469	103,949	113,226	123,375	134,478	146,625
Total demand		**98,730**	**107,188**	**116,440**	**126,562**	**139,387**	**151,501**	**164,754**	**179,253**	**195,115**	**212,467**
Project Benefits ($ spend)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Lookout Visitors		$172,068	$176,370	$180,779	$185,299	$189,931	$194,680	$199,547	$204,535	$209,649	$214,890
Glamping Accommodation Visitors		$2,198,760	$2,253,729	$2,310,072	$2,367,824	$2,912,424	$2,985,234	$3,059,865	$3,136,362	$3,214,771	$3,295,140
Walking Visitors		$430,171	$482,372	$540,908	$606,547	$680,152	$762,688	$855,240	$959,024	$1,075,401	$1,205,901
F&B visitors		$3,034,201	$3,383,392	$3,774,482	$4,212,543	$4,746,820	$5,297,667	$5,914,730	$6,606,028	$7,380,554	$8,248,390
Total visitor spend		**$5,835,201**	**$6,295,863**	**$6,806,242**	**$7,372,214**	**$8,529,327**	**$9,240,269**	**$10,029,382**	**$10,905,949**	**$11,880,374**	**$12,964,322**
Operating Expenditure		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Staffing Costs	15 FTE STAFF	$900,000	$922,500	$945,563	$969,202	$993,432	$1,018,267	$1,043,724	$1,069,817	$1,096,563	$1,123,977
Glamping Maintenace Costs	$30 per sqm	$18,000	$18,450	$18,911	$19,384	$19,869	$20,365	$20,874	$21,396	$21,931	$22,480
Glamping Costs	600 sqm										
Lookout & F+B - Maintenance Costs	$30 per sqm	$38,490	$39,452	$40,439	$41,450	$42,486	$43,548	$44,637	$45,753	$46,896	$48,069
Lookout & F+B sqm	1283 sqm										
Walking Trail Cost	$1.55 per m2	$9,300	$9,533	$9,771	$10,015	$10,265	$10,522	$10,785	$11,055	$11,331	$11,614
Walking Trail Length (m)	6,000										
Total Ongoing Expenditure		**$965,790**	**$989,935**	**$1,014,683**	**$1,040,050**	**$1,066,051**	**$1,092,703**	**$1,120,020**	**$1,148,021**	**$1,176,721**	**$1,206,139**
Capital Expenditure	Total Cost										
Total Capital Costs	**$16,210,000**										
Net Impact	**($16,210,000)**	**$4,869,411**	**$5,305,929**	**$5,791,559**	**$6,332,163**	**$7,463,275**	**$8,147,566**	**$8,909,362**	**$9,757,928**	**$10,703,653**	**$11,758,182**

FINANCIAL MODEL ASSUMPTIONS

ASSUMPTIONS											
Inflation	2.5%										
Visitors to Eildon/Taylor Bay (2018)	224,926										
Walking Trail Length (Km)	6										
Forecast growth rate	9.4%										
DEMAND/USAGE											
Lookout visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Penetration Rate	6.0%										
Lookout visitors		13,496	14,764	16,152	17,670	19,331	21,148	23,136	25,311	27,690	30,293
Accommodation visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Glamping Tent Number	12.00										
Occupancy	60.00%	50.00%	50.00%	50.00%	50.00%	60.00%	60.00%	60.00%	60.00%	60.00%	60.00%
Average visitors per room	2.00										
Accommodation visitors		4,380	4,380	4,380	4,380	5,256	5,256	5,256	5,256	5,256	5,256
Walking visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Penetration Rate	*6%*										
Walking visitors		13,496	14,764	16,152	17,670	19,331	21,148	23,136	25,311	27,690	30,293
Food and Beverage visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Food and Beverage visitors (site users)		31,371	33,908	36,684	39,721	43,919	47,553	51,529	55,878	60,637	65,843
Penetration Rate	*16%*										
Food and Beverage visitors (additional visitors)		35,988	39,371	43,072	47,121	51,550	56,396	61,697	67,496	73,841	80,782
Total F&B visitors		67,359	73,279	79,756	86,841	95,469	103,949	113,226	123,375	134,478	146,625

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
F&B Daytrip Spend	$45	$45	$46	$47	$49	$50	$51	$52	$54	$55	$56
Lookout visitors (total spend)		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)	1.00										
Lookout visitors		$172,068	$176,370	$180,779	$185,299	$189,931	$194,680	$199,547	$204,535	$209,649	$214,890
Glamping Accommodation visitors (total spend)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Spend	$502.00										
Accommodation visitors		$2,198,760	$2,253,729	$2,310,072	$2,367,824	$2,912,424	$2,985,234	$3,059,865	$3,136,362	$3,214,771	$3,295,140
Walking visitors (total spend)		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)	*2.50*										
Walking visitors		$430,171	$482,372	$540,908	$606,547	$680,152	$762,688	$855,240	$959,024	$1,075,401	$1,205,901
Food and Beverage visitors (total spend)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Spend	$45										
Food and Beverage visitors		$3,034,201	$3,383,392	$3,774,482	$4,212,543	$4,746,820	$5,297,667	$5,914,730	$6,606,028	$7,380,554	$8,248,390

FINANCIAL IMPACT ASSUMPTIONS (NPV, BCR)

Discount rate	7.0%						
Year	**Benefits**	**Costs**	**Discount factor**	**Discounted benefits**	**Discounted costs**	**Discounted net benefits**	**Net benefits**
0		$ 16,210,000	1.00	$ -	$ 16,210,000	-$ 16,210,000	-$ 16,210,000
1	$ 5,835,201	$ 965,790	0.93	$ 5,453,459	$ 902,607	$ 4,550,851	$ 4,869,411
2	$ 6,295,863	$ 989,935	0.87	$ 5,499,051	$ 864,647	$ 4,634,404	$ 5,305,929
3	$ 6,806,242	$ 1,014,683	0.82	$ 5,555,921	$ 828,284	$ 4,727,637	$ 5,791,559
4	$ 7,372,214	$ 1,040,050	0.76	$ 5,624,226	$ 793,449	$ 4,830,777	$ 6,332,163
5	$ 8,529,327	$ 1,066,051	0.71	$ 6,081,292	$ 760,080	$ 5,321,212	$ 7,463,275
6	$ 9,240,269	$ 1,092,703	0.67	$ 6,157,181	$ 728,114	$ 5,429,067	$ 8,147,566
7	$ 10,029,382	$ 1,120,020	0.62	$ 6,245,795	$ 697,492	$ 5,548,303	$ 8,909,362
8	$ 10,905,949	$ 1,148,021	0.58	$ 6,347,361	$ 668,159	$ 5,679,203	$ 9,757,928
9	$ 11,880,374	$ 1,176,721	0.54	$ 6,462,137	$ 640,058	$ 5,822,078	$ 10,703,653
10	$ 12,964,322	$ 1,206,139	0.51	$ 6,590,404	$ 613,140	$ 5,977,264	$ 11,758,182
Present value benefits				$ 60,016,827			
Present value costs					$ 23,706,031		
Net Present Value						**$ 36,310,796**	
Benefit-cost ratio							**2.5**

APPENDIX B ECONOMIC MODELLING FOR NATURE-BASED PRECINCT AT FRY BAY

DETAILED FINANCIAL MODEL (10 YEAR CASH FLOW)

Cost Benefit Assessment for Mount Pinniger Nature-Based Precinct											
	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
Lookout Visitors		4,293	4,696	5,138	5,621	6,149	6,727	7,359	8,051	8,808	9,636
Accommodation Visitors		8,030	8,030	8,760	8,760	10,220	10,220	10,220	10,220	10,220	10,220
Walking Visitors		4,293	4,696	5,138	5,621	6,149	6,727	7,359	8,051	8,808	9,636
MTB Visitors		4,293	4,696	5,138	5,621	6,149	6,727	7,359	8,051	8,808	9,636
Spa Visitors		2,409	2,635	2,883	3,154	3,451	3,775	4,130	4,518	4,943	5,407
Total demand		**23,317**	**24,754**	**27,056**	**28,776**	**32,117**	**34,176**	**36,428**	**38,891**	**41,586**	**44,535**
Project Benefits ($ spend)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Lookout Visitors		$54,732	$61,374	$68,821	$77,173	$86,538	$97,039	$108,815	$122,019	$136,827	$153,430
Accommodation Visitors		$4,031,060	$4,131,837	$4,620,144	$4,735,648	$5,663,046	$5,804,622	$5,949,738	$6,098,481	$6,250,943	$6,407,217
Walking Visitors		$136,830	$153,434	$172,053	$192,932	$216,344	$242,598	$272,037	$305,049	$342,066	$383,576
MTB Visitors		$109,464	$122,747	$137,643	$154,346	$173,075	$194,078	$217,630	$244,039	$273,653	$306,861
Spa Visitors		$245,718	$275,536	$308,972	$346,466	$388,510	$435,655	$488,522	$547,804	$614,280	$688,823
Total visitor spend		**$4,577,804**	**$4,744,927**	**$5,307,634**	**$5,506,564**	**$6,527,513**	**$6,773,992**	**$7,036,741**	**$7,317,392**	**$7,617,769**	**$7,939,907**
Operating Expenditure		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Total Staffing Costs	10 FTE STAFF	$600,000	$615,000	$630,375	$646,134	$662,288	$678,845	$695,816	$713,211	$731,042	$749,318
Accommodation Area - Maintenance Costs	$30 per sqm	$44,280	$45,387	$46,522	$47,685	$48,877	$50,099	$51,351	$52,635	$53,951	$55,300
Accommodation Area (sqm)	1,476										
MTB Trails - Maintenance Costs	$1.55 per m2	$9,300	$9,533	$9,771	$10,015	$10,265	$10,522	$10,785	$11,055	$11,331	$11,614
MTB Trails - Length (m)	6,000										
Walking Trail Cost	$1.55 per m2	$4,650	$4,766	$4,885	$5,008	$5,133	$5,261	$5,393	$5,527	$5,666	$5,807
Walking Trail Length (m)	3,000										
Total Ongoing Expenditure		**$658,230**	**$674,686**	**$691,553**	**$708,842**	**$726,563**	**$744,727**	**$763,345**	**$782,429**	**$801,989**	**$822,039**
Capital Expenditure	Itemised Cost	Total Cost									
All costs (walking trail, eco-retreats etc.)		23,658,200									
MTB Trails	$ 44,564	267,382									
Total Capital Costs		**$23,925,582**									
Net Impact	($23,925,582)	**$3,919,574**	**$4,070,242**	**$4,616,081**	**$4,797,723**	**$5,800,950**	**$6,029,265**	**$6,273,396**	**$6,534,963**	**$6,815,780**	**$7,117,868**

FINANCIAL MODEL ASSUMPTIONS

DEMAND/USAGE											
Lookout visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Penetration Rate	6.0%										
Lookout visitors		4,293	4,696	5,138	5,621	6,149	6,727	7,359	8,051	8,808	9,636
Accommodation visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Eco-retreat number	20.00										
Occupancy	70.00%	55.00%	55.00%	60.00%	60.00%	70.00%	70.00%	70.00%	70.00%	70.00%	70.00%
Average visitors per room	2.00										
Accommodation visitors		8,030	8,030	8,760	8,760	10,220	10,220	10,220	10,220	10,220	10,220
Walking visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Penetration Rate	*6%*										
Walking visitors		**4,293**	**4,696**	**5,138**	**5,621**	**6,149**	**6,727**	**7,359**	**8,051**	**8,808**	**9,636**
MTB visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Penetration Rate	*6%*										
Walking visitors		**4,293**	**4,696**	**5,138**	**5,621**	**6,149**	**6,727**	**7,359**	**8,051**	**8,808**	**9,636**
Spa Visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Number of accommodation guests		8,030	8,030	8,760	8,760	10,220	10,220	10,220	10,220	10,220	10,220
Proportion of accommodation visitors	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%	30%
Total accommodation visitors to day spa		2,409	2,409	2,628	2,628	3,066	3,066	3,066	3,066	3,066	3,066
Accommodation visitors as % of total	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%
Number of day-trip visitors		2,409	2,635	2,883	3,154	3,451	3,775	4,130	4,518	4,943	5,407
Total Visitation		**4,818**	**5,044**	**5,511**	**5,782**	**6,517**	**6,841**	**7,196**	**7,584**	**8,009**	**8,473**

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
F&B Daytrip Spend	$45	$45	$46	$47	$48	$50	$51	$52	$53	$55	$56

Lookout visitors (total spend)		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)	1.00										
Lookout visitors		**$54,732**	**$61,374**	**$68,821**	**$77,173**	**$86,538**	**$97,039**	**$108,815**	**$122,019**	**$136,827**	**$153,430**

Eco-retreat Accommodation visitors (total spend)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Spend	$502.00										
Accommodation visitors		**$4,031,060**	**$4,131,837**	**$4,620,144**	**$4,735,648**	**$5,663,046**	**$5,804,622**	**$5,949,738**	**$6,098,481**	**$6,250,943**	**$6,407,217**

Walking visitors (total spend)		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)	*2.50*										
Walking visitors		**$136,830**	**$153,434**	**$172,053**	**$192,932**	**$216,344**	**$242,598**	**$272,037**	**$305,049**	**$342,066**	**$383,576**

MTB visitors (total spend)		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)	*2.00*										
Walking visitors		**$ 109,464**	**$ 122,747**	**$ 137,643**	**$ 154,346**	**$ 173,075**	**$ 194,078**	**$ 217,630**	**$ 244,039**	**$ 273,653**	**$ 306,861**

Spa visitors (spend)		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
External Visitors	*2.00*	$245,718	$275,536	$308,972	$346,466	$388,510	$435,655	$488,522	$547,804	$614,280	$688,823
Walking visitors		**$ 245,718**	**$ 275,536**	**$ 308,972**	**$ 346,466**	**$ 388,510**	**$ 435,655**	**$ 488,522**	**$ 547,804**	**$ 614,280**	**$ 688,823**

FINANCIAL IMPACT ASSUMPTIONS (NPV, BCR)

Discount rate	7.0%						
Year	Benefits	Costs	Discount factor	Discounted benefits	Discounted costs	Discounted net benefits	Net benefits
0		$ 23,925,582	1.00	$ -	$ 23,925,582	-$ 23,925,582	-$ 23,925,582
1	$ 4,577,804	$ 658,230	0.93	$ 4,278,321	$ 615,168	$ 3,663,153	$ 3,919,574
2	$ 4,744,927	$ 674,686	0.87	$ 4,144,403	$ 589,297	$ 3,555,107	$ 4,070,242
3	$ 5,307,634	$ 691,553	0.82	$ 4,332,610	$ 564,513	$ 3,768,097	$ 4,616,081
4	$ 5,506,564	$ 708,842	0.76	$ 4,200,932	$ 540,772	$ 3,660,160	$ 4,797,723
5	$ 6,527,513	$ 726,563	0.71	$ 4,654,026	$ 518,029	$ 4,135,997	$ 5,800,950
6	$ 6,773,992	$ 744,727	0.67	$ 4,513,797	$ 496,243	$ 4,017,554	$ 6,029,265
7	$ 7,036,741	$ 763,345	0.62	$ 4,382,128	$ 475,373	$ 3,906,756	$ 6,273,396
8	$ 7,317,392	$ 782,429	0.58	$ 4,258,789	$ 455,381	$ 3,803,408	$ 6,534,963
9	$ 7,617,769	$ 801,989	0.54	$ 4,143,562	$ 436,229	$ 3,707,332	$ 6,815,780
10	$ 7,939,907	$ 822,039	0.51	$ 4,036,246	$ 417,883	$ 3,618,363	$ 7,117,868
Present value benefits				$ 42,944,815			
Present value costs					$ 29,034,470		
Net Present Value						**$ 13,910,345**	
Benefit-cost ratio							**1.5**

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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