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ACTIVATING LAKE EILDON

SKYLINE ROAD TOURIST PRECINCT BUSINESS CASE

TOURISM NORTH EAST | MAY 2020



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Skyline Road Precint Business Case_Urban Enterprise 2020

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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



CONTENTS

EXECUTIVE SUMMARY	1	5. PROJECT DRIVERS	22
1. INTRODUCTION	3	6. PROJECT BENEFITS	24
1.1. BACKGROUND	3	6.1. INTRODUCTION	24
1.2. PROCESS	3	6.2. QUANTITATIVE BENEFITS	24
1.3. LAKE EILDON CONTEXT	4	6.3. QUALITATIVE BENEFITS	25
2. STRATEGIC CONTEXT	5	7. COST BENEFIT ASSESSMENT	26
2.1. INTRODUCTION	5	7.1. INTRODUCTION	26
2.2. STRATEGIC POLICY CONTEXT	5	7.2. VISITOR DEMAND PROJECTIONS	26
2.3. TOURISM CONTEXT	5	7.3. PROJECT ECONOMIC BENEFITS	28
2.1. MASTERPLAN FRAMEWORK	7	7.4. PROJECT EXPENDITURE	29
3. CONCEPT	11	7.5. COST-BENEFIT SUMMARY	29
3.1. INTRODUCTION	11	8. ECONOMIC IMPACT ASSESSMENT	30
3.2. THE SITE	11	8.1. TYPES OF ECONOMIC BENEFITS	30
3.3. THE PROJECT	12	8.2. ECONOMIC IMPACT – CONSTRUCTION PHASE	31
3.4. PRECEDENTS	16	8.3. ECONOMIC IMPACT – OPERATIONAL PHASE (ONGOING)	31
3.5. STRATEGIC CONSIDERATIONS	18	9. DELIVERY ACTION PLAN	32
3.6. PROJECT BENEFITS	18	APPENDICES	33
4. INVESTMENT LOGIC	19	APPENDIX A ECONOMIC MODELLING FOR SKYLINE ROAD TOURIST PRECINCT	33
4.1. INTRODUCTION	19	APPENDIX B ECONOMIC TERMS AND DEFINITIONS	37
4.2. PROJECT DRIVERS	19		
4.3. PROBLEMS	19		
4.4. INTERVENTIONS	19		
4.5. THE SOLUTION	19		

FIGURES

F1. LAKE EILDON REGIONAL CONTEXT	4
F2. MASTERPLAN FOR LAKE EILDON REGION	10
F3. DINNYS LOOKOUT SITE	11
F4. SKYLINE ROAD TOURIST PRECINCT – CONCEPT PLAN	13
F5. SKYLINE ROAD TOURIST PRECINCT - CONCEPT DRAWINGS	14
F6. GREAT OCEAN ROAD TOURING ROUTE	16
F7. THREE CAPES TRACK LODGES	16
F8. CAPE BYRON DISTILLERY	17

TABLES

T1. OVERVIEW OF TOURISM PRODUCT AND EXPERIENCE CONTEXT	6
T2. PRELIMINARY PROJECT COSTINGS FOR SKYLINE ROAD TOURIST PRECINCT	15
T3. INVESTMENT LOGIC MAP	21
T4. ESTIMATED VISITOR DEMAND (YEAR 1)	27
T5. ESTIMATED PROJECTED BENEFITS (YEAR 1)	28
T6. COST-BENEFIT SUMMARY	29
T7. SHORT-TERM ECONOMIC IMPACT – CONSTRUCTION PHASE	31
T8. ONGOING ECONOMIC IMPACT – OPERATIONAL PHASE (ANNUAL)	31
T9. ACTION PLAN FOR SKYLINE ROAD TOURIST PRECINCT	32

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.

This business case is prepared for the establishment of Skyline Road as a Tourist Precinct.

CONCEPT OVERVIEW

Capitalising on the immersive views of Lake Eildon and the High Country from Skyline Road, the development of the Skyline Road Tourist Precinct will provide a new iconic touring experience in the region. If sealed, the road would strengthen the link between the two largest towns of Lake Eildon: Eildon and Bonnie Doon.

Key features of the concept include:

- Road sealing of approximately 18 kms of road between Eildon-Bonnie Doon;
- Development of a Great Lake Touring Route, including development of architectural lookouts at key vantage points;
- Rezoning of land to accommodate commercial tourism development with views; and
- Development of a boutique distillery with small scale boutique accommodation.

ESTIMATED PROJECT COSTS

Preliminary costings for the Skyline Road Tourist Precinct indicates a total construction cost of approximately \$25 million, based on preliminary costings developed by Quantity Surveyors WTP Partnership:

- Road sealing cost of \$6.5 million, with the following preliminary costs per Shire:
 - Mansfield Shire road sealing cost estimated at \$2.9 million based on approximately 8 kms of road sealing required.
 - Murrindindi Shire road sealing cost estimated at \$3.6 million based on approximately 10 kms of road sealing required.
- Self-contained accommodation Construction Cost of \$2.7 million;
- Costs for land rezoning (i.e. Amendment Costs) estimated at \$500,000;
- Distillery and restaurant construction cost (including reception, parking, walkways) estimated at \$15.3 million.

The project requires an estimated \$7 million in Government funding to commence, this includes sealing of the Skyline Road, lookout points and Planning Scheme Amendments to support private sector investment.

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. touring);
- Improving the Lake Eildon brand by delivering high quality infrastructure, product and experiences;
- Supporting the development of sporting and touring events around the Lake;
- Attraction of private sector investment in accommodation, food and beverage;
- Safety improvements for users of the currently unsealed roads;
- Increased connectivity and reduced travel time for Bonnie Doon and Eildon residents.

ECONOMIC IMPACT ASSESSMENT

Cost benefit

- Cost of \$25 Million in total investment;
- \$7 Million ask for Government funding;
- Cost benefit from direct impacts: 4.6

Short Term Economic Impact:

- Total output of \$54 million in the Hume Region;
- 148 jobs across the Hume Region.

Ongoing Economic Impact:

- Total output of \$52.6 million in the Hume Region;
- 275 jobs across the Hume Region

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 investment in the Skyline Road Tourist Precinct.

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 product development 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)

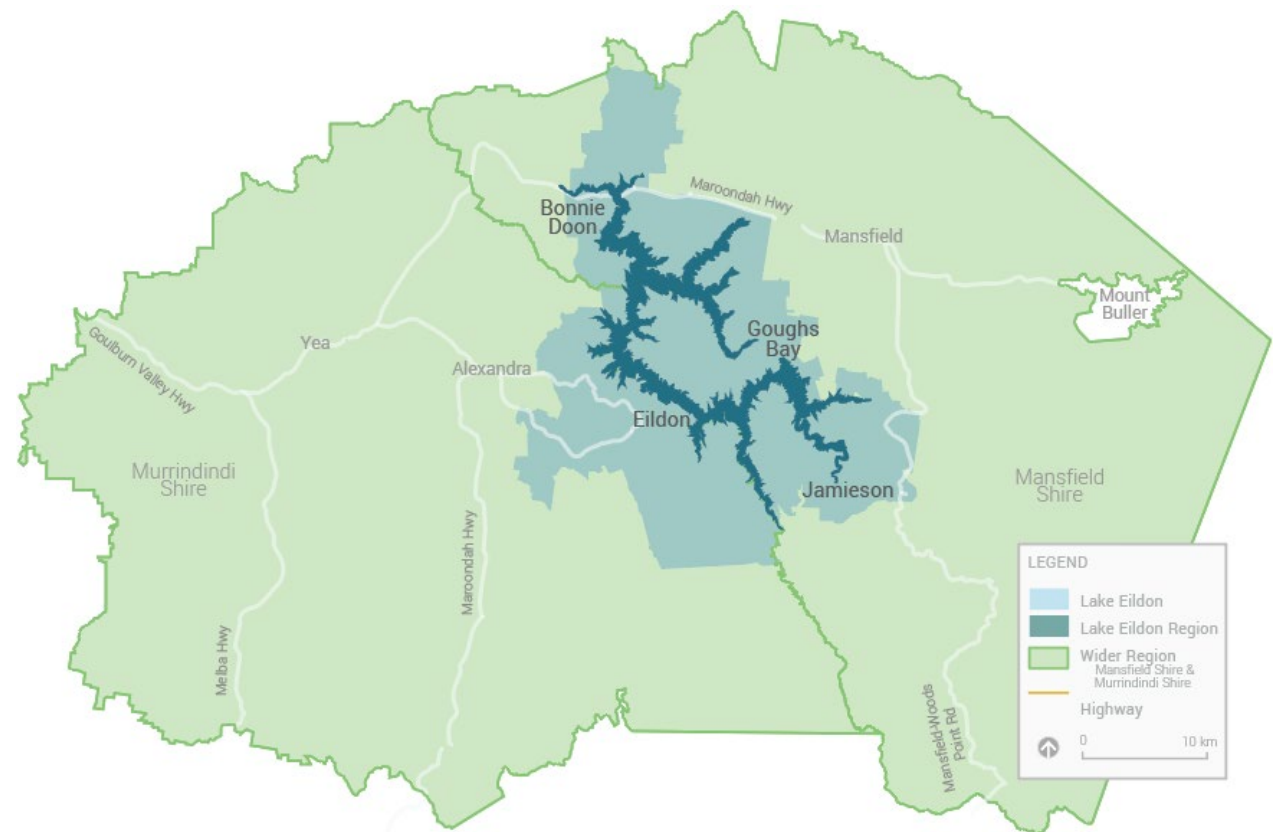
1.3. LAKE EILDON CONTEXT

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 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.

2.1. 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

Skyline Rd

05

Mansfield-Woods Point Rd

07

Goughs Bay

04

01

Alexandra

Eildon

02

03

08

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

3. CONCEPT

3.1. INTRODUCTION

This section provides a detailed description of the Skyline Road Tourist 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, which are explored in further detail throughout this report.

3.2. THE SITE

3.2.1. SITE DETAILS

The Skyline Road is a highly scenic road between that connects Eildon and Bonnie Doon. There is around 18 kms of the road that is unsealed, which poses safety risks for users of the road, including drivers and cyclists.

For the purposes of this report, the entire road has been identified as 'Skyline Road', however this also includes portions of the road named Maintongoon Road and Sonnberg Drive.

Site Location: Bonnie Doon, Mansfield Shire and Eildon, Murrindindi Shire.

Roads: Skyline Road, Maintongoon Road and Sonnberg Drive

Land Ownership: Council owned roads, privately owned surrounding land, and National Park land towards Eildon township.

Land Zoning: Farming Zone.

3.2.2. SITE CHARACTERISTICS

Skyline Road is a picturesque drive, with a number of key vantage points that have views across Lake Eildon and the surrounding High Country.

The drive traverses through a mix of private and public land holdings including Lake Eildon National Park. Many of the private land sites are not suitable for farming, due to being vegetated or on very steep slopes. All private land is currently zoned Farming Zone.

F3. DINNYS LOOKOUT SITE



Source: Urban Enterprise, 2020.

3.3. THE PROJECT

3.3.1. PROJECT DESCRIPTION

Capitalising on the immersive views of Lake Eildon from Skyline Road, the development of the Skyline Road Tourist Precinct will include the Great Lake Touring Route, architectural look out points, and boutique experiential accommodation and dining overlooking Lake Eildon.

The Skyline Road tourism precinct considers the following attributes:

- Road sealing of approximately 18 kms of road between Eildon-Bonnie Doon;
- Development of a Great Lake Touring Route, including development of architectural lookouts at key vantage points;
- Rezoning of land to accommodate commercial development with views; and
- Development of a boutique distillery with small scale boutique accommodation.

If sealed, the road would strengthen the link between the two largest towns of Lake Eildon. Sealing of the road and attraction of investment along Skyline Road will create a must visit tourism precinct and facilitate the Great Lake Touring Concept, which would allow visitors to tour Lake Eildon.

Concepts

Figure F4 shows the location of the Skyline Road precinct, including the length of road sealing and land parcels to be investigated for rezoning.

Figure F5 shows concept plans and drawings that have been prepared by Cumulus Studio architects to visualise the Skyline Road Tourist Precinct with investment in a distillery and accommodation establishment with immersive views of Lake Eildon.

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

3.3.2. CONCEPT COMPONENTS

BOUTIQUE DISTILLERY

Dining type: Distillery and restaurant, open for both lunch and dinner

Capacity: 200 (includes both indoor and outdoor dining)

Target markets: The distillery will attract the Lifestyle Leader market, visitors touring the region on the newly developed 'Great Lake Touring Route', visitors to Eildon and Bonnie Doon, and other visitors to the region who may visit the distillery/restaurant.

ACCOMMODATION

Type of Accommodation: Boutique self-contained accommodation

Rooms: 6 self-contained suites

Room facilities: Each room will have a range of facilities, including heating/cooling, television, Wi-Fi access, kitchenette, lounge space, and balcony with views over Lake Eildon.

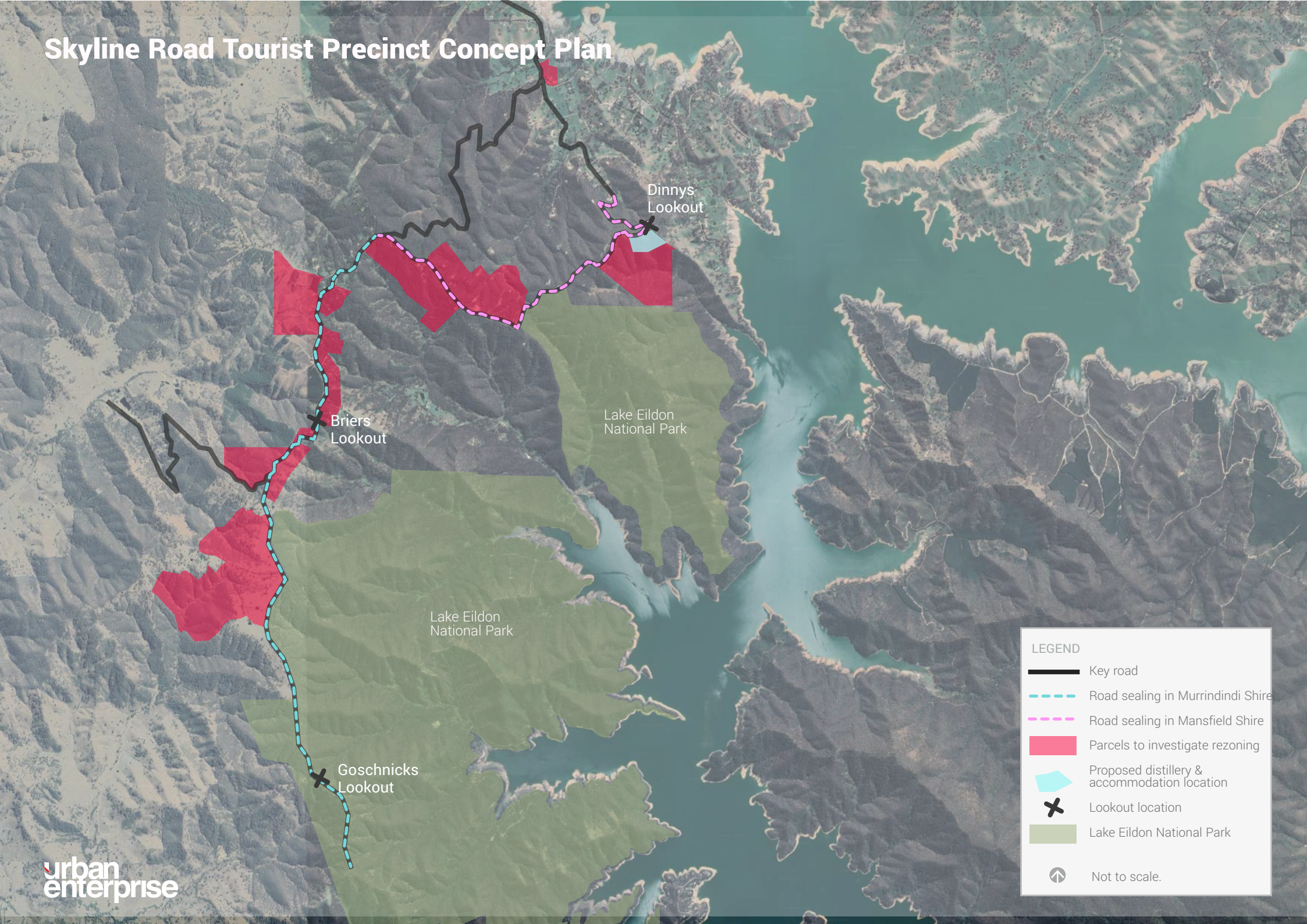
Target markets: The self-contained suites will attract the Lifestyle Leader market, particularly those seeking an experiential escape to nature with all the comforts of contemporary, commercial accommodation.

TOURING EVENTS

Potential Event Types: Cycling gran fondos, Car rallies, multi-sport events

Target markets: Existing visitors to events in the region through expansion of existing events, sporting event spectators and other event visitors.

Skyline Road Tourist Precinct Concept Plan



Dinnys Lookout

Briers Lookout

Lake Eildon National Park

Lake Eildon National Park

Goschnicks Lookout

LEGEND

- Key road
- Road sealing in Murrindindi Shire
- Road sealing in Mansfield Shire
- Parcels to investigate rezoning
- Proposed distillery & accommodation location
- Lookout location
- Lake Eildon National Park
- Not to scale.

Skyline drive - Plan



Skyline drive - View



developing great ideas together

**CUMULUS
STUDIO**
architecture & design

Skyline drive - View



Skyline drive - View



3.3.3. PRELIMINARY PROJECT COSTINGS

Preliminary costings for the Skyline Road Tourist Precinct indicates a total construction cost of approximately **\$25 million¹**, based on preliminary costings developed by WTP Partnership.

This does not include 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 SKYLINE ROAD TOURIST PRECINCT

Investment Type	Item	Cost
Public	Road Sealing	\$6.5 million
	<i>Mansfield Shire Road Sealing</i>	<i>\$2.9 million based on 8 km road sealing</i>
	<i>Murrindindi Shire Road Sealing</i>	<i>\$3.6 million based on 10 km road sealing</i>
	Amendment Costs*	\$500,000
Private	Distillery and restaurant construction	\$15.3 million
	Self-contained accommodation	\$2.7 million
Total**		\$25 million

Source: WTP Partnership, 2020 and Urban Enterprise 2020.

*Cost shared between Shires but assumed to be absorbed within budget for planning scheme amendments required as a result of the Lake Eildon Masterplan project.

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

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.

3.4. PRECEDENTS

Case Study: Great Ocean Road Touring Route

The Great Ocean Road is an iconic touring route, with a number of self-drive itineraries that can range from a few hours to a few days. The route receives year-round visitation and receives significant international visitation.

The itineraries include stopover at a range of locations, including natural assets such as beaches and tourism assets such as destination food and beverage establishments. There are also a number of additional attractions promoted as a detour from the route, such as Erskine Falls, which are promoted as add-ons to the experience and help to drive greater dispersal across the region.

F6. GREAT OCEAN ROAD TOURING ROUTE



Source: Visit Victoria

Case Study: Three Capes Track Lodges

The Three Capes Track Lodges have been developed along the Three Capes Track in the Tasman National Park in Tasmania. The self-contained accommodation is for exclusive use by groups undertaking private walking tours along the Three Capes Track.

Each Lodge is discreetly placed along the trail, offering hot showers, shared facilities, relaxation and lounge areas and twin share accommodation.

There is potential to link the accommodation at Skyline Road with a walking track into the Lake Eildon National Park in future.

F7. THREE CAPES TRACK LODGES



Source: Three Capes Track

Case Study: Cape Byron Distillery

Cape Byron Distillery is in private farmland in the hinterland of Byron Bay, which has views across the hinterland to the East Coast.

The distillery includes a range of experiences, such as distillery tours, gin tastings, cellar door and tours of the property. This provides an additional spend opportunity for visitors to the region, and provides a quality experience for visitors.

F8. CAPE BYRON DISTILLERY



Source: Cape Byron Distillery

3.5. STRATEGIC CONSIDERATIONS

Road sealing would enable the development of a Great Lake Touring Route, which could become an iconic touring route for the Lake Eildon region through activation of the right product mix, investment in supporting product such as quality food and beverage and accommodation, and dedicated branding and marketing for the route.

There is currently a lack of commercial accommodation in the Lake Eildon region, which constrains the potential of the visitor economy and limits the ability of the region to attract high yield visitors. The development of boutique accommodation in the Skyline Road precinct will fulfil a critical gap in experiential accommodation.

This project is designed to help the Lake Eildon region fulfil its potential as a more successful visitor destination in the following ways:

- Enhance existing nature-based assets through investment on sites with 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 quality accommodation and increased quality food and beverage offerings;
- Increase visitor dispersal across the region through the development of a touring route;
- Broad market appeal of the distillery to all markets, including Habituals and Lifestyle Leaders;
- Road sealing will improve connectivity between Bonnie Doon and Eildon, reducing travel time for visitors and residents;
- Decrease seasonality through a range of activities that encourage year-round visitation, including a distillery, experiential accommodation and a new touring route;
- Provide opportunities for additional visitor spend on food and beverage, for both existing visitors and new visitors.
- Sealing of the road would facilitate development of touring events, such as rally car events and road cycling granfondos

3.6. PROJECT BENEFITS

Providing contemporary and large-scale commercial accommodation for the Lake Eildon region is likely to generate several benefits for the region, including:

- 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. touring);
- Improving the Lake Eildon brand by delivering high quality infrastructure, product and experiences;
- Supporting the development of sporting and touring events around the Lake;
- Safety improvements for users of the currently unsealed roads;
- Increased connectivity and reduced travel time for Bonnie Doon and Eildon residents.

These benefits are explored further in Section 5 and Section 6 of this report.

4. INVESTMENT LOGIC

4.1. 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.

4.2. PROJECT DRIVERS

- **Opportunity to support new events including cycling and rally car events.** Skyline road is already used in some sections for car and bicycle touring. The scenic nature of the road would make it an excellent location for events such as rallies and bike gran fondos.
- **Opportunity to create a new iconic touring route.** The sealing of skyline road would complete a touring route around Lake Eildon that could be developed into an icon of the region.
- **Limited investment at waterfront locations or locations with prime views of Lake Eildon.** While the lake is the hero product, there are very few visitor accommodation establishments of quality that overlook the lake.
- **Low visitor yield due to lack of quality tourism product.** Other than the lake itself, the Lake Eildon region has limited tourism product. Skyline Road would create another tourism product and provide opportunity for the private sector to leverage from the scenic touring link.
- **High seasonal variability due to limited diversity and low quality of tourism product.** Lake Eildon has primarily water based tourism.
- **Extending length of stay and spend for existing visitors by delivering new product.** By delivering new product and experiences, additional visitor yield and length of stay can be delivered to the region.
- **Investment in food and beverage experiences will support visitation and also become destinations in themselves.** There are limited quality food and beverage

experiences in the region. Skyline road will provide the backdrop to support new boutique food and beverage experiences.

4.3. PROBLEMS

- **Unsealed road can be dangerous, as well as unclear directional signage.** The unsealed road poses safety risks and there is poor signage along the route.
- **Poor connectivity between Bonnie Doon and Eildon.** The two towns are relatively close in distance, however the gravel road is a deterrent to connecting the two townships.
- **Lack of appropriately zoned land to support tourism development.** Land is predominantly Farming Zone and places limitations on development of sites less than 40 hectares.
- **Low awareness of Lake Eildon as a nature-based destination.** Lake Eildon is primarily viewed as a water based destination. However the nature based assets are of a quality that would attract further visitor markets if enhanced.

4.4. INTERVENTIONS

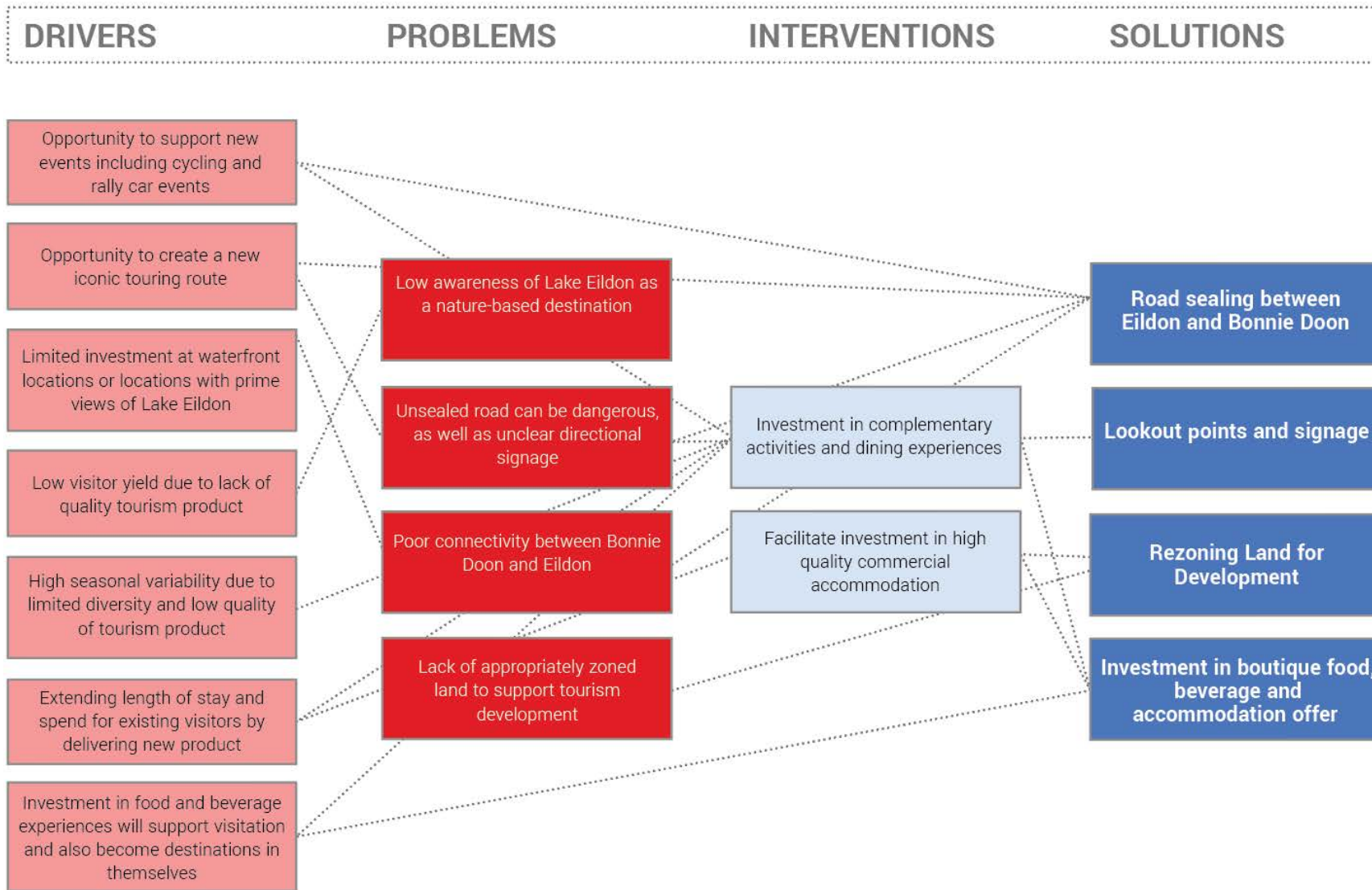
- **Investment in complementary activities and dining experiences,** which will assist to attract off peak visitation, extract greater yield from existing visitors, and provide complementary tourism experiences to attract Lifestyle Leaders.
- **Facilitate investment in high quality commercial accommodation** that is contemporary and attractive to the Lifestyle Leader market.

4.5. THE SOLUTION

- **Road sealing.** Sealing of the Skyline Road will provide a premium touring link between Eildon and Bonnie Doon.
- **Lookout points, signage.** Delivery of signage and lookout points to provide a high quality visitor experience.
- **Rezoning land for development.** Rezoning of private land holdings to an appropriate zone that will support tourism investment is required.

- **Investment in boutique food, beverage and accommodation offer.** The delivery of food, beverage and accommodation will support growth in target markets and increase visitor yield and improve experience.

T3. INVESTMENT LOGIC MAP



5. PROJECT DRIVERS

Poor connectivity between Bonnie Doon and Eildon

Skyline Road is the key route between Bonnie Doon and Eildon, taking approximately 50 minutes to drive between the two. The travel time is significantly longer due to a lack of road sealing and portions of the road that have a width of less than 2 lanes.

The route between Bonnie Doon and Eildon that is currently used by most visitors is via the Maroondah Highway and Goulburn Valley Highway, passing through Alexandra. Mansfield and Alexandra currently capture a large proportion of expenditure from Lake Eildon, as they act as a hub for visitor services and retail. Strengthening the link between Bonnie Doon and Eildon and reducing the travel time between the two towns will also assist to keep visitor expenditure within the Lake Eildon region and may decrease some of the yield that is lost to Alexandra.

Lack of appropriately zoned land to support tourism development

The Skyline Road precinct has significant opportunity for tourism development, as the areas is highly scenic and there is a significant amount of vacant rural property.

Limitations exist in the current Farming zone to support some tourism activities that could be developed, including development of holiday homes, boutique farmgate experiences and small-scale commercial accommodation such as self-contained huts or glamping experiences.

Low awareness of Lake Eildon as a 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.

Opportunity to support new events including cycling and rally car events

The sealing of Skyline Rd, Maintongoon Rd, and Sonnberg Drive will facilitate investment in large-scale tourism events, such as cycling gran fondos and rally car events.

A number of successful events in Victoria have been developed as a result of a key road being sealed and providing the opportunity for a touring event. An example of this is the Three Peaks challenge, which was able to be established as a result of the road between Falls Creek to Anglers Rest being sealed. This is a popular event that receives approximately 2,500 visitors annually.

Opportunity to create a new iconic touring route

There is opportunity to create an iconic touring route, with the benefits of this demonstrated by other sealed touring routes.

A local case study – the Mansfield to Wangaratta link demonstrated growth in touring visitors by 40% from 2001 and 2011. Of note is the 88% increase in visitation during the off peak, with visitors extending their stay by 1 night.

Limited investment at waterfront locations or locations with prime views of Lake Eildon

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 a distillery and self-contained accommodation adjacent to Dinnys Lookout will provide a destination experience for visitors, with impressive views of

Lake Eildon and the surrounding High Country, whilst remaining isolated and retaining a natural feel.

Low visitor yield due to lack of quality tourism product

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 a lack of complementary tourism product to engage and attract visitors.

High seasonal variability due to limited diversity and low quality of tourism product

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.² Development of tourism product that is not dependent on weather, such as a distillery/restaurant and a road touring loop, will encourage year-round visitation and assist to decrease seasonality impacts on the Lake Eildon region visitor economy.

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 boutique food and beverage experiences within a high quality natural setting will generate additional yield from existing visitors through extended length of stay.

Investment in food and beverage experiences will support visitation and also become destinations in themselves

There is opportunity for Skyline Road to become a premier food and beverage destination, should it attract investors. Food and beverage investment will provide options for existing visitor markets to Bonnie Doon and Eildon and also be a destination for new Lifestyle Leader markets.

² TRA Overnight visitation by month returned from trip, 5 Year Average, Calendar Year 2014-18.

6. PROJECT BENEFITS

6.1. INTRODUCTION

There are a range of benefits that will be shared across the entire Lake Eildon region with investment in the Skyline Road Tourist Precinct. This includes quantitative (economic) benefits, and qualitative benefits (social and environmental).

6.2. QUANTITATIVE BENEFITS

INCREASE IN VISITOR SPEND

Investing in experiential accommodation and food and wine experiences will assist the Lake Eildon region to attract a greater proportion of new, high-yielding visitors from within the Lifestyle Leader market. It is projected that investment the precinct will inject an additional \$10.2 million into the regional economy through direct visitor expenditure. This is detailed further in Section 7.

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

PROVIDING LOCAL EMPLOYMENT OPPORTUNITIES

Investment in the Skyline Road Precinct will create and support new jobs from a variety of sources, including sealing and maintenance of the road, operation of the accommodation establishment and distillery, and construction jobs created through investment in rezoned land across the precinct. The distillery/restaurant/ and accommodation facility will increase the number of local business operators in the region, 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 a boutique distillery and accommodation business. 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.

OPPORTUNITIES FOR RURAL LIFESTYLE AND HOLIDAY HOME PROPERTY DEVELOPMENT

Investment in road infrastructure and undertaking rezoning of land is likely to stimulate additional residential and tourism investment in Bonnie Doon and Eildon, as there will be more suitably zoned land for tourism development and holiday home property development.

Furthermore, the area will likely increase further in popularity as a tourist and holiday home destination following investment in the distillery and accommodation, which will further stimulate investment in residential property and flow-on investment in commercial and community facilities.

6.3. QUALITATIVE BENEFITS

In addition to the quantitative economic benefits detailed above, the Skyline Road Tourist Precinct 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 boutique nature-based experience, with distillery/restaurant and contemporary accommodation suited to visitor expectations, investment in the Skyline Road Precinct 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 through road sealing and its associated benefits.

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 Bonnie Doon 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.

INCREASED VISITOR DISPERSAL

The sealing of Skyline Rd, Maintongoon Rd and Sonnberg Drive will provide improved access between Bonnie Doon and Eildon town centres for visitors. This will increase visitor dispersal between the two Shires, provide increased visitation to both Eildon and Bonnie Doon town centres, and improve access to Lake Eildon National Park.

The project is also likely to attract a greater number of touring visitors through the creation and promotion of a 'Great Lake Touring Route'. This will enable visitors across the entire Lake Eildon region to tour the region, providing flow-on benefits for local businesses along the length of the route.

HEALTH AND WELLBEING IMPROVEMENTS FOR RESIDENTS

The sealing of the road between Bonnie Doon will have a range of health and well-being improvements for residents. This includes:

- Greater opportunities for active recreation, through road cycling opportunities as a result of road sealing;
- Reduced travel time between Eildon and Bonnie Doon which will reduce the strain on residents commuting between the two towns; and
- Improved community connectivity between Eildon and Bonnie Doon.

7. COST BENEFIT ASSESSMENT

7.1. INTRODUCTION

A cost-benefit model was developed for the Skyline Road Precinct project over a 10-year cash flow period, showing the operation from commencement in 2021 (Year 1) through to 2030 (Year 10)³ 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. This includes a detailed 10-year financial model, financial model assumptions, and financial impact assumptions (NPV, BCR, ROI, etc.).

³ Project construction/development is expected to be completed during the 2019-20 financial year (before operation), which is defined as Year 0.

7.2. VISITOR DEMAND PROJECTIONS

7.2.1. 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 a boutique distillery/restaurant and 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 destinations.

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

HABITUAL VISITORS

Whilst the Skyline Road will attract new higher yield visitor markets, it will also service the existing habitual visitor market to Lake Eildon Region. Touring is a popular activity among a range of markets and habitual visitors are also likely to engage in a touring product.

RESIDENTS

Road sealing between Bonnie Doon and Eildon will be used significantly by local residents travelling between the two towns.

The food and beverage establishments are also likely to 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.

7.2.2. ESTIMATED VISITOR DEMAND

To calculate the net impact of investment in the Skyline Road Tourist Precinct, the following visitor impact scenarios were adopted each visitor segment to calculate the number of *additional* visitors generated by each facility.

Projected demand for Year 1 is shown in Table T4, which estimates an impact of 176,378 additional visits to the region through investment the Skyline Road Tourist Precinct.

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

- **Accommodation visitors.** This is based on total capacity of 6 self-contained rooms and predicted 50% occupancy in Year 1. Occupancy is forecast to grow to the regional average of 70% over the 10 year period.
- **Touring visitors.** Based on an increased number of existing visitors to the Lake Eildon region (i.e. 869,958 visitors in 2018) touring on the Great Lake Touring Route as a result of road sealing. A penetration rate of 6% of existing visitors to the Lake Eildon region has been used, based on the difference between visitors sightseeing and touring the Lake Eildon Region (31%) compared to the High Country region (37%)⁴.
- **Distillery/Restaurant visitors.** Based on usage of the distillery/restaurant by both accommodation visitors, additional touring and event visitors, as well as 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%)⁵.
- **Event visitors.** This is based on the assumption that sealing of Skyline Road could create opportunities for an additional 5 events per annum, with a total of 5,000 visitors in Year 1.

⁴ Uses Intercept Survey research and TRA Activities research.

T4. ESTIMATED VISITOR DEMAND (YEAR 1)

Summary	Skyline Road Tourist Precinct
Accommodation Visitors	2,190
Touring Visitors	52,197
Distillery/Restaurant Visitors	116,991
Event Visitors	5,000
Total Visitors	176,378

Source: Urban Enterprise, 2020.

⁵ Uses Intercept Survey research and TRA Activities research.

7.3. PROJECT ECONOMIC BENEFITS

As mentioned previously, investment in the Skyline Road Tourist Precinct is likely to generate benefits to the region through additional visitor expenditure.

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

Table T5 details the estimated visitor expenditure for each visitor segment, as well as the residential spend that will be facilitated by investment in Skyline Road Tourist Precinct.

Overall, the total benefit provided investment in Skyline Road Tourist Precinct in Year 1 is expected to be \$12.5 million, including a benefit of \$10.2 million in visitor expenditure and \$1.9 million in expenditure from increased residential development. This is based on the following assumptions:

- **Accommodation visitors.** Each accommodation visitor is estimated to spend an average of \$502⁶ per trip.
- **Tourists visitors.** Each touring visitor is expected to spend an additional \$64 dollars⁷, based on an extended stay of 5 hours.
- **Distillery/Restaurant visitors.** Based on average food and beverage spend of \$52 per visitor⁸.
- **Event visitors.** Each touring visitor is expected to spend an additional day in the region as a result of visiting an event, which equates to an additional spend of \$102 dollars⁹.
- **Residential Development.** It is assumed rezoning of land across the Skyline Road Tourist Precinct will facilitate additional residential investment of 6 per annum (3 per Shire), at an average spend of \$316,500¹⁰ per property.

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

⁶ Average spend per trip for overnight visitors to High Country Region, YE Sept 2019, Business Victoria.

⁷ Average spend per trip for day trip visitors to High Country Region (\$102 per day), YE Sept 2019, Business Victoria.

⁸ TRA, Local Expenditure by type, TRA 2019.

T5. ESTIMATED PROJECTED BENEFITS (YEAR 1)

Summary	Skyline Road Tourist Precinct
Accommodation Visitors	\$1,099,380
Touring Visitors	\$3,327,589
Distillery/Restaurant Visitors	\$5,269,864
Event Visitors	\$510,000
Residential Expansion	\$1,899,000
Total Benefit	\$12,105,834

Source: Urban Enterprise, 2020.

⁹ Average spend per trip for day trip visitors to High Country Region (\$102 per day), YE Sept 2019, Business Victoria.

¹⁰ Average dwelling build cost for Victoria, ABS, 2018.

7.4. PROJECT EXPENDITURE

7.4.1. CAPITAL EXPENDITURE

Total investment in the Skyline Road Tourist Precinct is estimated to cost \$25 million. The project costs are further broken down in *Section 3.3.4 Preliminary Project Costings*.

7.4.2. 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.** 30 FTE staff p.a. for the distillery/restaurant and accommodation, with an average wage cost of \$60,000 p.a.
- **Facility Maintenance and Operation costs.**
 - Maintenance costs of \$30 per square metre for the distillery/restaurant and accommodation, totalling \$44,730 in Year 1; and
 - Maintenance costs for the sealed road, totalling \$93,600 in Year 1.

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).

7.5. COST-BENEFIT SUMMARY

Based on the estimated visitation¹¹, 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:

¹¹ Excluding residents, as the project does not generate additional spend from this market.

- The project is likely to generate a positive net impact for investment in the Skyline Road Tourist Precinct, due to its effect on additional visitor expenditure and additional residential development. Net impact of investment in the Skyline Road Precinct ranges from \$11.4 million in Year 1, increasing to \$28.8 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 of \$85 million; and
 - A BCR greater than 1¹² – 4.6.

T6. COST-BENEFIT SUMMARY

Summary	Skyline Road Tourist Precinct
Visitation - Year 1	176,378
Visitation - Year 10	392,215
Benefit - Year 1	\$12,105,834
Benefit - Year 10	\$29,720,681
Expenditure - Year 1	\$738,330
Expenditure - Year 10	\$922,073
CAPEX	\$24,989,020
Net Impact - Year 1	\$11,367,504
Net Impact - Year 10	\$28,798,608
NPV	\$85,845,469
BCR	4.6

Source: Urban Enterprise, 2020.

These cost-benefit results suggest that, even with conservative visitation estimates, investment in the Skyline Road Tourist Precinct 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.

¹² The NPV and BCR are calculated using a discount rate of 7%, which is consistent with Victorian Treasury guidelines;

8. ECONOMIC IMPACT ASSESSMENT

This section of the report identifies the likely economic benefits that investment in the Skyline Road Tourist Precinct could generate for the Hume Region, by adopting the impacts from the cost-benefit assessment.

8.1. 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 method¹³. Definitions for key economic terms are provided in Appendix B.

The economic benefits listed above can be attributed to a combination of additional touring, event and accommodation visitors, food and beverage spend from existing visitors and also new visitors to the region, 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 period¹⁴, which is derived

from additional visitor spend identified in Section 7.3. 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.

¹³ Developed by REMPLAN and applied by Urban Enterprise

¹⁴ Note: Refers to Year 10, when the project is fully operational and established.

8.2. ECONOMIC IMPACT – CONSTRUCTION PHASE

The total capital expenditure of \$25 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 \$54 million.
- 148 jobs, resulting in an increase in wages of \$10.3 million; and
- \$20.2 million in value-added.

T7. SHORT-TERM ECONOMIC IMPACT – CONSTRUCTION PHASE

	Output	Employment	Wages	Value-added
Impact of Skyline Road Tourist Precinct				
Direct Effect	\$24,989,000	57	\$4,029,000	\$7,894,000
Indirect Effect	\$29,177,000	91	\$6,276,000	\$12,342,000
Total Effect	\$54,166,000	148	\$10,305,000	\$20,236,000

Source: Urban Enterprise, 2020.

8.3. ECONOMIC IMPACT – OPERATIONAL PHASE (ONGOING)

The ongoing (i.e. annual) benefits from the operation of the Skyline Road Tourist Precinct 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 \$52.6 million, based on:
- 275 jobs across both Murrindindi and Mansfield Shires, resulting in an increase in wages of \$12.9 million; and
- \$23.1 million in value-added.

T8. ONGOING ECONOMIC IMPACT – OPERATIONAL PHASE (ANNUAL)

	Output	Employment	Wages	Value-added
Impact of Skyline Road Tourist Precinct				
Direct Effect	\$29,720,000	200	\$7,831,000	\$12,207,000
Indirect Effect	\$22,834,000	75	\$5,023,000	\$10,934,000
Total Effect	\$52,554,000	275	\$12,854,000	\$23,141,000

Source: Urban Enterprise, 2020.

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

9. DELIVERY ACTION PLAN

The following action plan outlines the key steps for delivery of the Skyline Road Tourist Precinct.

T9. ACTION PLAN FOR SKYLINE ROAD TOURIST PRECINCT

Action	Delivery Lead	Cost	Timeframe
ACTION 1.1 Undertake drawings for road sealing and lookout points.	Mansfield Shire and Murrindindi Shire Council	\$300,000	2020/21
ACTION 1.2 Advocate for road sealing and investment in lookouts and signage.	Murrindindi and Mansfield Shire Councils, Regional Development Victoria		2020/21
ACTION 1.3 Councils to undertake road sealing of Skyline Rd - Maintongoon Rd - Sonnberg Drive (approximately 8 kms of road for Mansfield Shire and 10 kms for Murrindindi Shire).	Murrindindi Shire Council and Mansfield Shire Council	\$6.5 million total <i>\$2.9 million Mansfield Shire</i> <i>\$3.6 million Murrindindi Shire</i>	2021
ACTION 1.4 Develop a marketing and branding strategy for the 'Great Lake Touring Route' as a subset of the broader marketing strategy for the region.	Tourism North East	\$50,000	2022
ACTION 1.5 Investigate potential land parcels to be rezoned from Farming Zone to Rural Activity Zone or Special Use Zone.	Mansfield and Murrindindi Shires	\$60,000	2020-21
ACTION 1.6 Undertake the planning scheme amendment process, along with other parcels of land to be rezoned in Murrindindi Shire, to rezone the designated parcels of Farming Zone land to Rural Activity Zone.	Murrindindi Shire Council	\$100,000	2020-21
ACTION 1.7 Promote development of key sites to investors through a Lake Eildon investment portal.	Tourism North East	N/A – To be absorbed within investment attraction budget	2022
ACTION 1.8 Undertake architectural and planning concept work for distillery and accommodation proposal.	Private client		2023

APPENDICES

APPENDIX A ECONOMIC MODELLING FOR SKYLINE ROAD TOURIST PRECINCT

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
Accommodation Visitors		2,190	2,409	2,409	2,628	2,628	3,066	3,066	3,066	3,066	3,066
Touring Visitors (from Rezoning)		52,197	57,104	62,472	68,344	74,769	81,797	89,486	97,897	107,100	117,167
Distillery visitors		116,991	128,001	139,807	152,941	167,071	182,966	199,877	218,377	238,617	260,758
Event visitors (due to rezoning)		5,000	5,470	5,984	6,547	7,162	7,835	8,572	9,378	10,259	11,223
Total demand		176,378	192,984	210,672	230,460	251,629	275,665	301,001	328,718	359,041	392,215
Project Benefits		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Accommodation Visitors (ave spend)		\$1,099,380	\$1,239,551	\$1,270,540	\$1,420,694	\$1,456,212	\$1,741,387	\$1,784,921	\$1,829,544	\$1,875,283	\$1,922,165
Touring Visitors (from Rezoning) - ave spend		\$3,327,589	\$3,731,392	\$4,184,197	\$4,691,949	\$5,261,317	\$5,899,778	\$6,615,716	\$7,418,533	\$8,318,772	\$9,328,255
Distillery visitors (ave spend)		\$5,269,864	\$5,909,969	\$6,616,427	\$7,418,969	\$8,306,978	\$9,324,763	\$10,441,267	\$11,692,883	\$13,095,997	\$14,668,984
Event visitors (due to rezoning) - ave spend		\$510,000	\$571,889	\$641,287	\$719,107	\$806,371	\$904,224	\$1,013,952	\$1,136,995	\$1,274,969	\$1,429,687
Residential Expansion		\$1,899,000	\$1,946,475	\$1,995,137	\$2,045,015	\$2,096,141	\$2,148,544	\$2,202,258	\$2,257,314	\$2,313,747	\$2,371,591
Total visitor spend		\$12,105,834	\$13,399,276	\$14,707,587	\$16,295,735	\$17,927,019	\$20,018,696	\$22,058,114	\$24,335,270	\$26,878,768	\$29,720,681
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 & Distillery Area - Maintenance Costs	\$30 per sqm	\$44,730	\$45,848	\$46,994	\$48,169	\$49,374	\$50,608	\$51,873	\$53,170	\$54,499	\$55,862
Accommodation Area (sqm)	1,491										
Road Sealing Maintenance Costs	\$5,200 per km	\$93,600	\$95,940	\$98,339	\$100,797	\$103,317	\$105,900	\$108,547	\$111,261	\$114,043	\$116,894
MTB Trails - Length (m)	18										
Total Ongoing Expenditure		\$738,330	\$756,788	\$775,708	\$795,101	\$814,978	\$835,353	\$856,236	\$877,642	\$899,583	\$922,073
Capital Expenditure	Itemised Cost	Total Cost									
Self-contained accommodation Construction Cost		\$ 2,700,000									
Road Sealing Cost	\$ 362	6,509,020									
Costs for Rezoning (i.e. Ammendment Costs)		500,000									
Distillery Construction Cost (incl all extras e.g. roads, parking)		15,280,000									
Total Capital Costs		\$24,989,020									
Net Impact	(\$24,989,020)	\$11,367,504	\$12,642,487	\$13,931,880	\$15,500,635	\$17,112,041	\$19,183,343	\$21,201,878	\$23,457,627	\$25,979,185	\$28,798,608

FINANCIAL MODEL ASSUMPTIONS

ASSUMPTIONS	
Inflation	2.5%
Forecast growth rate	9.4%
Visitors to Eildon/Taylor Bay (2018)	224,926
Visitors to Bonnie Doon	135,096
Visitors to both subregions	360,022
Visitors to Lake Eildon Region	869,958
Road Sealing Length (m)	18,000
Additional events p. a.	5
Average event visitation	1,000

DEMAND/USAGE											
Accommodation visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Self-contained Accommodation Number	6.00										
Occupancy	70.00%	50.00%	55.00%	55.00%	60.00%	60.00%	70.00%	70.00%	70.00%	70.00%	70.00%
Average visitors per room	2.00										
Accommodation visitors		2,190	2,409	2,409	2,628	2,628	3,066	3,066	3,066	3,066	3,066
Touring visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Penetration Rate	6%										
Touring visitors		52,197	57,104	62,472	68,344	74,769	81,797	89,486	97,897	107,100	117,167
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)		59,387.48	64,983.04	70,865.00	77,518.87	84,558.61	92,698.09	101,123.50	110,340.91	120,424.75	131,456.47
Penetration Rate	76%										
Food and Beverage visitors (additional visitors)		57,604	63,018	68,942	75,423	82,512	90,268	98,754	108,036	118,192	129,302
Total F&B visitors		116,991	128,001	139,807	152,941	167,071	182,966	199,877	218,377	238,617	260,758
Event visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Event visitors		5,000	5,470	5,984	6,547	7,162	7,835	8,572	9,378	10,259	11,223

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
Self-contained 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		1,099,380	1,239,551	1,270,540	1,420,694	1,456,212	1,741,387	1,784,921	1,829,544	1,875,283	1,922,165
Touring 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)	5.00										
Touring visitors		\$ 3,327,589	\$ 3,731,392	\$ 4,184,197	\$ 4,691,949	\$ 5,261,317	\$ 5,899,778	\$ 6,615,716	\$ 7,418,533	\$ 8,318,772	\$ 9,328,255
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	\$ 45.05										
Food and Beverage visitors		\$ 5,269,864	\$ 5,909,969	\$ 6,616,427	\$ 7,418,969	\$ 8,306,978	\$ 9,324,763	\$10,441,267	\$11,692,883	\$13,095,997	\$14,668,984
Event visitors		Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10
Additional length of stay (day)	1										
Event visitors		\$ 510,000	\$ 571,889	\$ 641,287	\$ 719,107	\$ 806,371	\$ 904,224	\$ 1,013,952	\$ 1,136,995	\$ 1,274,969	\$ 1,429,687
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 (p.a. - 3 each Shire)	6	\$ 1,899,000	\$ 1,946,475	\$ 1,995,137	\$ 2,045,015	\$ 2,096,141	\$ 2,148,544	\$ 2,202,258	\$ 2,257,314	\$ 2,313,747	\$ 2,371,591
Total spend		\$1,899,000	\$1,946,475	\$1,995,137	\$2,045,015	\$2,096,141	\$2,148,544	\$2,202,258	\$2,257,314	\$2,313,747	\$2,371,591

FINANCIAL IMPACT ASSUMPTIONS (NPV, BCR)

Discount rate	7.0%						
Year	Benefits	Costs	Discount factor	Discounted benefits	Discounted costs	Discounted net benefits	Net benefits
0		\$ 24,989,020	1.00	\$ -	\$24,989,020	-\$ 24,989,020	-\$24,989,020
1	\$ 12,105,834	\$ 738,330	0.93	\$ 11,313,863	\$ 690,028	\$ 10,623,835	\$11,367,504
2	\$ 13,399,276	\$ 756,788	0.87	\$ 11,703,446	\$ 661,008	\$ 11,042,438	\$12,642,487
3	\$ 14,707,587	\$ 775,708	0.82	\$ 12,005,772	\$ 633,209	\$ 11,372,564	\$13,931,880
4	\$ 16,295,735	\$ 795,101	0.76	\$ 12,431,938	\$ 606,578	\$ 11,825,360	\$15,500,635
5	\$ 17,927,019	\$ 814,978	0.71	\$ 12,781,717	\$ 581,068	\$ 12,200,649	\$17,112,041
6	\$ 20,018,696	\$ 835,353	0.67	\$ 13,339,302	\$ 556,631	\$ 12,782,671	\$19,183,343
7	\$ 22,058,114	\$ 856,236	0.62	\$ 13,736,685	\$ 533,221	\$ 13,203,464	\$21,201,878
8	\$ 24,335,270	\$ 877,642	0.58	\$ 14,163,349	\$ 510,796	\$ 13,652,553	\$23,457,627
9	\$ 26,878,768	\$ 899,583	0.54	\$ 14,620,269	\$ 489,314	\$ 14,130,955	\$25,979,185
10	\$ 29,720,681	\$ 922,073	0.51	\$ 15,108,487	\$ 468,735	\$ 14,639,752	\$28,798,608
Present value benefits				\$ 116,096,342			
Present value costs					\$24,989,020		
Net Present Value						\$85,845,469	
Benefit-cost ratio							4.6

APPENDIX B 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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