ESSENTIAL ECONOMICS

4 December 2017

Emma Riley
Director and Principal Planner
Emma Riley and Associates
185 Macquarie Street
Hobart TAS 7000

Our Ref: 17215

By email: [redacted]

Dear Emma,

Re: Freycinet Master Plan, DRAFT Economic Analysis

This preliminary analysis relates to the provision of background economic analysis and the quantification of economic benefits associated with potential capital works as a result the Freycinet Master Plan.

This Letter of Advice highlights the following information:

- Background to the Master Plan
- Economic Overview of the Freycinet area
- Concept overview of proposed new visitor centre
- Economic benefits derived as a result of proposed Visitor Centre

1 Master Plan Background

Freycinet Peninsula encompasses the Freycinet National Park and adjacent Coles Bay and Swanwick townships.

The Freycinet Peninsula can be regarded as a nationally significant, and iconic, tourist attraction. In particular, Wineglass Bay, on the eastern side of the peninsula, is frequently used to promote Tasmania, and Australia, to an international audience.

The area is receiving unprecedented visitation with visitation to Freycinet National Park increasing from 186,000 visitors in 2011 – 2012, to an expected 300,000 in 2017-2018.

Although, the popularity of the area has continued to rise, existing infrastructure both inside and outside the National Park, has not kept pace with increased demand.

At present, around 180,000 visitors per year visit the Wineglass Bay Lookout to experience the view of the bay. This is expected to continue to grow. As a result, there is now a very real perception of over-crowding and the potential for a reduction in the quality of the visitor experience at Freycinet.

The most significant impact of constraints in capacity relate to car parking issues at the Wineglass Bay track carpark where capacity is regularly exceeded during the peak season (October – April) with major congestion apparent in the immediate post-Christmas period. The solution to these issues and an opportunity to provide a contemporary focus to renew the visitor experience of the Freycinet Peninsula will require the combined efforts of a number of stakeholders from Local and State Government and from the private sector.

The service centre for the Freycinet National Park is the township of Coles Bay, a fragmented urban area that accommodates both permanent residents, tourist accommodation, a limited range of commercial and retail businesses, and holiday houses/beach shacks.

The Tasmanian Government though the Tasmania Parks and Wildlife Service (PWS), has determined that a new Master Plan for the area should be prepared to help guide the future development of the area, and address known issues (including the capacity of existing infrastructure.

Hobart-based planning consultancy, *Emma Riley and Associates*, has been awarded the contract to prepare the Mater Plan.

2 Economic Overview of the Freycinet Peninsula

Socio Economic Overview

Australian Bureau of Statistics data is collected for a range of different geographical areas, one of which is the 'Coles Bay State Suburb' (Coles Bay SS).

The Coles Bay State Suburb is identified at Figure 1.1, and includes Coles Bay itself, and Swanwick.

Data collected from the 2016 National Census of Population and Housing for the Coles Bay State Suburb indicates:

- There is permanent population of around 350 persons.
- The median age is 53, compared to a Tasmanian median age of 42 and a National median age of 38.
- In comparison with Tasmanian and National averages, the proportion of the population aged 0 to 29 years of age is low, while the proportion aged 30 to 74 years of age is high. Persons aged 75 years and over are lower than the state and national average.

  It is possible to conclude from this that Coles Bay is attractive to adults (particularly those aged 50 to 74 years of age) but less so to younger persons and the elderly. Note the nearest primary school is at Bicheno (30 minutes) and the closest hospitals at Campbelltown and St Marys (both over one hour from Coles Bay).
- Consistent with the above observation, the proportion of households described as 'Couple Family without Children' is 68% compared with 43% (Tasmania) and 38% (Australia).
- A private dwelling count of 476 dwellings, of which 94 were occupied and 382 unoccupied. This represents an occupancy rate of 20% which reflects a coastal town where a high proportion of dwelling stock is retained for the purpose of holiday houses or 'weekenders'.

Visitation

Tourism Tasmania provides data[1] in relation to visitor numbers, at a state, regional and local level. The following tables and graphs provide an overview of Tasmanian visitor data and trends over the period 2011 to 2017 (forecast).

Table 1 provides an overview of total visitor numbers to Tasmania by calendar year with overall visitor numbers increasing from 895,000 in 2011 to 1.27 million in 2017, an average growth rate of 6.0% per annum.

Over the same period, the number of visitors to the East Coast region increased from 273,000 in 2011 to 378,000 in 2017, an average increase of 5.6% per annum.

Notably, a significantly higher proportion of visitors to the East Coast do so for the purposes of a holiday.

[1] Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

Table 1 Total Visitor Numbers – Tasmania and East Coast (2011 to 2017)

	2011	2012	2013	2014	2015	2016	2017
Tasmania	895,390	855,229	961,626	1,057,894	1,146,567	1,167,921	1,269,638
East Coast	272,792	237,283	233,713	281,073	315,316	334,831	378,132
% visiting East Coast	30%	28%	24%	27%	28%	29%	30%
% visiting Tasmania for purposes of holiday	42%	40%	40%	45%	47%	47%	49%
% visiting East Coast for purposes of holiday	73%	73%	73%	78%	81%	77%	79%

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

Table 2 provides an overview of the origin of holiday visitors to the East Coast region of Tasmania. Off an overall increasing base, the proportion of holiday visitors from overseas is significant at 30% in 2017.

Table 2 Visitor Origin- East Coast

	2011	2012	2013	2014	2015	2016	2017
Total Holiday Visitors	200,333	172,561	171,087	218,115	254,992	256,698	297,570
Victoria (%)	27	24	24	24	23	24	21
NSW (%)	21	24	25	22	22	24	22
Queensland (%)	15	14	15	16	17	15	17
Overseas (%)	25	26	23	28	28	25	30

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

Table 3 records the proportion of holiday visitors to Tasmania and the proportion who visit specific attractions; in this instance the Freycinet National Park.

Table 3 Proportion of Tasmanian Holiday Visitors who visit Freycinet

	2016	2017
Total Holiday visitors to Tasmania	553,887	623,296
Freycinet National Park (%)	32%	36%
Freycinet National Park (no.)	177,250	224,400

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017), Essential Economics

Table 4 records the number of nights spent by holiday visitors in selected East Coast locations. Its is noticeable that Coles Bay has recorded as significant increase over the period; from 95,000 holiday visitor nights in 2011, to 136,000 in 2017. The significance of the increase is reflected in Graph 1 where the strength of the increase in Coles Bay is relatively more significant than in most other East Coast locations.

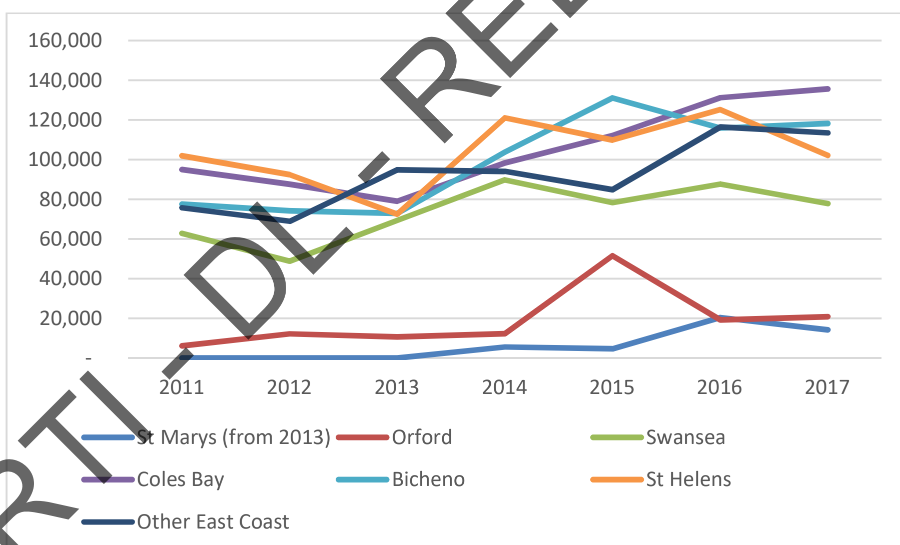
<u>The average increase in total holiday visitor nights in Coles Bay over the period 2011 to 2017 is 6.2% per annum.</u>

Table 4 Number of nights spent by holiday visitors in selected East Coast locations

	2011	2012	2013	2014	2015	2016	2017
St Marys	-	-	-	5,527	4,708	20,462	14,160
Orford	6,195	12,231	10,722	12,295	51,584	19,182	20,921
Swansea	62,896	48,834	69,353	89,809	78,287	87,728	77,922
Coles Bay	94,971	87,528	79,050	98,348	112,080	131,241	135,602
Bicheno	77,566	74,199	72,889	103,755	131,078	115,853	118,214
St Helens	101,977	92,405	72,530	121,043	109,905	125,175	102,106
Other East Coast	75,679	68,952	94,836	94,097	84,888	116,438	113,556
TOTAL East Coast	419,284	384,149	399,380	524,873	572,529	617,078	582,481

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

Graph 1 Number of nights spent by holiday visitors in selected East Coast locations



Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

The Tasmania Parks and Wildlife Service (PWS) also provides estimates of visitation to the Freycinet National Park. Monthly visitor records from July 2010 to June 2016 indicate visitation of 200,000 in the year ending June 2011, increasing to 271,000 for the year ending June 2016. These figures are broadly consistent with the figures contained in the Tourism Tasmania figures (see Table 3).

The PWS visitor records also underline the cyclical nature of tourism on the Freycinet Peninsula, with peak periods (December through to March) typically attracting three times the number of visitors during the May to August period.

Summary

Estimating visitor numbers to a specific location can be an imprecise science and different sources of visitation estimates provide varying result. Broadly however, visitor numbers and trends to the Freycinet Peninsula can be summarised as follows:

- Annual visitation in 2017 of between 220,000 and 270,000 (assumed, on average to be 245,000), increasing by around 5.5% per annum
- Based on an estimated two-night average stay for overnight holiday visitors to Coles Bay it is assumed there are around 68,000 overnight holiday visitors to Coles Bay annually. The proportion of visitors to Freycinet National Park that comprise overnight visitors is therefore between 25% and 31% of total visitors.
- Note: there is also likely to be a significant component of visitors to the Freycinet Peninsula who stay overnight in nearby towns such as Bicheno and Swansea.

3 *Overview of proposed new Visitor Centre*

One of the principal matters considered in the Options Paper is a new visitors centre to be located in Coles Bay, north of Freycinet Drive in the vicinity of Jetty Road. The Visitors Centre would:

- Provide a clearer point of entry for both Coles Bay and the Freycinet Peninsula
- Be located in an elevation position, providing views of Great Oyster Bay and the Freycinet Peninsula
- Provide greater interaction between visitors to the area and the town of Coles Bay, including the commercial businesses located in Garnet Avenue
- Provide a central hub from which walking paths and cycling tracks through the town itself and to and from the national park can be accessed
- Replace the existing visitors centre located between Coles Bay and the Wineglass Bay walking track car park
- Provide a major car park facility, from which potential shuttle bus services can be provided thus taking significant pressure off the existing car park at the terminus of the Wineglass Bay walking trail. It should be noted that, at present, it is estimated that by 2037, the existing Wineglass Bay tracks carpark capacity of 185 vehicle parking spaces will be exceeded for eight months of the year. To accommodate the projected visitor growth some 460 spaces are expected to be required around the middle of the day, which is the peak period for walkers/hikers. The ability to provide this level of infrastructure at the existing site within the National Park is not possible.
- Provide the key entry point for all visitors to the area and include national park entry fees, guides and information and other services.

As envisaged in the options paper, the Visitors Centre would represent a major investment for Coles Bay and the Freycinet Peninsula. It would include a significant area of car parking, carefully landscaped to blend in with existing native vegetation. As a board estimate, and for the purposes of this preliminary analysis, it is estimated that all associated civil works as well as the cost of construction of the main building would be in the order of $20 million.

It is considered the area around the Visitor Centre could be expanded at later stages to include additional accommodation and/or camping facilities. This is not included in the estimate outlined above.

4 *Economic benefits derived as a result of proposed Visitor Centre*

The following assessment refers to the combined impact of a proposed Visitor Centre, which would include a significant area for visitor car parking. The benefit of the car parking area is an increase in visitor capacity allowing for ongoing tourism growth in the Freycinet Peninsula area.

4.1 *Employment Generation*

Construction Jobs:

Investment in the Visitor Centre in the order of $20 million would generate an estimated 100 Full Time Equivalent (FTE) construction jobs to complete the project. This assumes a 60/40 split between capita and labour and an average full time construction wage of approximately $80,000 (source: ABS Average Weekly Earnings 6302.0, May 2017). In addition, the employment multiplier of 2.6 (based on ABS Input/output data for "other construction") indicates a further 1600 FTE indirect (or flow-on) jobs in supply industries would be generated in the wider economy over the construction phase through industry and consumption effects. Total direct and indirect employment associated with the construction phase would therefore total 160 FTE jobs, although the actual number of jobs would be much higher as many involved in the project would be contractors providing specific services on a short-term basis.

4.2 *Net Economic Benefit to the Region*

The principal ongoing benefit of the proposed Visitor Centre to the Freycinet Peninsula area is the ability to accommodate ongoing growth in tourist numbers by removing – or at least alleviating – existing constraints based around the car park at the head of the Wineglass Bay walking trail.

Visitor spending

Holiday visitor spending is difficult to accurately calculate. For the purposes of this analysis regard has been had to Tourism Research Australia, Tourism, Region Profiles (2015), specifically East Coast Tasmania.

The East Coast Tourism Region Profile estimates an International Visitor spend of $101 per night, Domestic Overnight spend of $94 per night and a daily spend of $80 by domestic day visitors. Spending includes accommodation, food and beverage and spending on other items and services.

For the purpose of assessing the impact of the proposed Visitor Centre on the Freycinet Peninsula specifically, this analysis assumes the following:

- An average spend of $96 per night for overnight holiday visitors (international and domestic)
- An average spend of $80 per day for day holiday visitors
- Average spends per night/day have effectively been held at 2015 levels
- A current total spend of $13.1 million by overnight visitors and $14.2 million by day visitors to the Freycinet Peninsula. This equates to a total of $27.2 million.

These figures are summarised in Table 5.

Impact of Visitor Centre

In terms of estimating the impact on visitor spending of the proposed Visitor Centre, two scenarios have been developed:

- Scenario 1, in which visitor spending is assumed to increase by 5.5% per annum over the next ten years (to 2027) in line with the average increase in visitation to the area over the period 2011 to 2017.
- Scenario 2, in which visitor spending is assumed to increase by 1.5% per annum as visitor growth in constrained due to difficulties with parking and therefore access to the Freycinet National Park's most sought-after attractions (specifically, the Wineglass Bay walking trail)

Scenario 1 is effectively a proxy for the provision of the proposed Visitors Centre, while Scenario 2 represents a business-as-usual approach.

As is evident in Table 5, the difference in visitor spending between the two scenarios in ten years (2027) is significant, estimated to be around $15 million per annum.

As with much economic analysis of this kind, the results are based on modelling informed by a number of assumptions. Should the assumptions be changed, the results also change. For example, there is no allowance as to whether, even with additional car parking capacity, the Wineglass Bay walking track can accommodate growth at around 5.5% per annum.

Table 5 Visitor Spend and Impact of proposed Visitor Centre

	Overnight	Day	Total
Visitors	68,000	177,000	245,000
Nights	2		
Average Stay (Nights)	136,000		
Average Spend per Night	$96		
Average Spend ($) per Visit	$192	$80	
	$13,056,000	$14,160,000	$27,216,000
Holiday Visitors at 2027 based on 5.5% annual growth	116,150	302,300	418,450
Holiday Visitors at 2027 based on 1.5% annual growth	78,900	205,420	284,320
Average Spend at 2027 based on 5.5% annual visitor growth ($2017)	$22,300,000	$24,190,000	$46,490,000
Average Spend at 2027 based on 2.0% annual visitor growth ($2017)	$15,152,000	$16,433,000	$31,585,000
Difference:	$7,148,000	$7,757,000	$14,905,000

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017), Tourism Research Australia, Regional Economic Profile 2015 and Essential Economics

We trust that this preliminary analysis of the principal development outcome (a new Visitors Centre and car parking) considered in the Freycinet Master Plan Options Paper provides the necessary economic overview.

Yours sincerely,

[redacted]

Director
Essential Economics Pty Ltd

ESSENTIAL ECONOMICS

Freycinet Master Plan

Economic Assessment

Final Report

Prepared for

Emma Riley and Associates

by

Essential Economics Pty Ltd

March 2018

Authorship

Report stage	Author	Date	Review	Date
Draft report	[redacted]	16 January 2018	[redacted]	17 January 2018
Final report		23 March 2018		

Disclaimer

Every effort has been made to ensure the accuracy of the material and the integrity of the analysis presented in this report. However, Essential Economics Pty Ltd accepts no liability for any actions taken on the basis of report contents.

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Contents

BACKGROUND AND INTRODUCTION

Background

Freycinet Peninsula encompasses the Freycinet National Park and adjacent Coles Bay and Swanwick townships.

The Freycinet Peninsula can be regarded as a nationally significant, and iconic, tourist attraction. In particular, Wineglass Bay, on the eastern side of the peninsula, is frequently used to promote Tasmania, and Australia, to an international audience.

The area is receiving unprecedented visitation, with visitation to Freycinet National Park increasing from 186,000 visitors in 2011 – 2012 to an expected 300,000 in 2017-2018.

Although the popularity of the area has continued to rise, existing infrastructure both inside and outside the National Park has not kept pace with increased demand.

At present, approximately 180,000 visitors per year visit the Wineglass Bay Lookout to experience the view of the bay. This level of visitation is expected to experience ongoing growth. As a result, there is now a very real perception of over-crowding and the potential for a reduction in the quality of the visitor experience at Freycinet.

The most significant impact of constraints in capacity relate to car parking issues at the Wineglass Bay track car park, where capacity is regularly exceeded during the peak season (October – April) with major congestion apparent in the immediate post-Christmas period. The solution to these issues and an opportunity to provide a contemporary focus to renew the visitor experience of the Freycinet Peninsula will require the combined efforts of a number of stakeholders from Local and State Government and from the private sector.

The service centre for the Freycinet National Park is the township of Coles Bay, a fragmented urban area that accommodates both permanent residents, tourist accommodation, a limited range of commercial and retail businesses, and holiday houses/beach shacks.

The Tasmanian Government though the Tasmania Parks and Wildlife Service (PWS), has determined that a new Master Plan for the area should be prepared to help guide the future development of the area, and address known issues (including the capacity of existing infrastructure).

Hobart-based planning consultancy, *Emma Riley and Associates*, has been awarded the contract to prepare the Master Plan. This report responds to the need for an economic analysis of the draft Freycinet Master Plan.

Objective

To identify economic benefits and impacts of the draft Freycinet Master Plan.

This Report

This report is structured as follows:

- Background and Introduction
- Chapter 1: Economic Overview of Coles Bay and the Freycinet Peninsula
- Chapter 2: Overview of Master Plan Projects
- Chapter 3: Economic Benefits Associated with Master Plan Projects.
- Chapter 4: Benefit-Cost Analysis

1 ECONOMIC OVERVIEW OF FREYCINET PENINSULA

This Chapter provides an economic overview of the Freycinet area, including a socio-economic assessment of the area's principal township, Coles Bay, as well as key tourism and visitor data and trends.

1.1 Socio-economic Overview

Australian Bureau of Statistics (ABS) data is collected for a range of different geographical areas, one of which is the 'Coles Bay State Suburb' (Coles Bay SS).

The Coles Bay SS includes Coles Bay itself, and nearby Swanwick.

Data collected from the 2016 ABS Census of Population and Housing for the Coles Bay SS indicates:

- There is permanent a population of around 350 persons.
- The median age is high at 53, compared to a Tasmanian median age of 42 and a National median age of 38.
- In comparison with Tasmanian and National averages, the proportion of the population aged 0 to 29 years of age is low, while the proportion aged 30 to 74 years of age is high. Persons aged 75 years and over are lower than the state and national average.

  It is possible to conclude from this that Coles Bay is attractive to adults (particularly those aged 50 to 74 years of age), but less so to younger persons and the elderly. Note the nearest primary school is at Bicheno (30 minutes) and the closest hospitals at Campbelltown and St Marys (both over one hour from Coles Bay).
- Consistent with the above observation, the proportion of households described as 'Couple Family without Children' is 68% compared with 43% (Tasmania) and 38% (Australia).
- A private dwelling count of 476 dwellings, of which 94 were occupied and 382 unoccupied. This represents an occupancy rate of 20% which reflects a coastal town where a high proportion of dwelling stock is retained for the purpose of holiday houses or 'weekenders'.

1.2 Visitation

Tourism Tasmania provides data[1] in relation to visitor numbers, at a state, regional and local level. The following tables and graphs provide an overview of Tasmanian visitor data and trends over the period 2011 to 2017 (forecast).

Table 1.1 provides an overview of total visitor numbers to Tasmania by calendar year, with overall visitor numbers increasing from 0.90 million in 2011 to 1.27 million in 2017, an average growth rate of 6.0% per annum.

Over the same period, the number of visitors to the East Coast region increased from 273,000 in 2011 to 378,000 in 2017, an average increase of 5.6% per annum.

Notably, a significantly higher proportion of visitors to the East Coast do so for the purposes of a holiday.

Table 1.1 Total Visitor Numbers – Tasmania and East Coast (2011 to 2017)

	2011	2012	2013	2014	2015	2016	2017
Tasmania	895,390	855,229	961,626	1,057,894	1,146,567	1,167,921	1,269,638
East Coast	272,792	237,283	233,713	281,073	315,316	334,831	378,132
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% visiting Tasmania for purposes of holiday	42%	40%	40%	45%	47%	47%	49%
% visiting East Coast for purposes of holiday	73%	73%	73%	78%	81%	77%	79%

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

Table 1.2 provides an overview of the origin of holiday visitors to Tasmania's East Coast region. The proportion of holiday visitors from overseas is significant at 30% in 2017, increasing from a 25% share in 2011.

[1] Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

Table 1.2 Visitor Origin- East Coast

	2011	2012	2013	2014	2015	2016	2017
Total Holiday Visitors	200,333	172,561	171,087	218,115	254,992	256,698	297,570
Victoria (%)	27	24	24	24	23	24	21
NSW (%)	21	24	25	22	22	24	22
Queensland (%)	15	14	15	16	17	15	17
Overseas (%)	25	26	23	28	28	25	30

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

Table 1.3 records the proportion of holiday visitors to Tasmania and the proportion who visit specific attractions; in this instance the Freycinet National Park. The data shows a significant increase in holiday visitors to Freycinet National Park, rising from 177,250 visitors in 2011 to 224,400 visitors in 2017 (a net increase of 47,150 visitors pa over the period).

Table 1.3 Proportion of Tasmanian Holiday Visitors who visit Freycinet

	2016	2017
Total Holiday visitors to Tasmania	553,887	623,296
Freycinet National Park (%)	32%	36%
Freycinet National Park (no.)	177,250	224,400

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017), Essential Economics

Table 1.4 records the number of nights spent by holiday visitors in selected East Coast locations. It is noticeable that Coles Bay has recorded a significant increase in visitor nights over the period; from 95,000 visitor nights in 2011 to 136,000 visitor nights in 2017. The significance of the increase is reflected in Figure 1.1 where the strength of the increase in Coles Bay is relatively more significant than in most other East Coast locations.

The average increase in total holiday visitor nights in Coles Bay over the period 2011 to 2017 is 6.2% per annum.

Table 1.4 Number of nights spent by holiday visitors in selected East Coast locations

	2011	2012	2013	2014	2015	2016	2017
St Marys	-	-	-	5,527	4,708	20,462	14,160
Orford	6,195	12,231	10,722	12,295	51,584	19,182	20,921
Swansea	62,896	48,834	69,353	89,809	78,287	87,728	77,922
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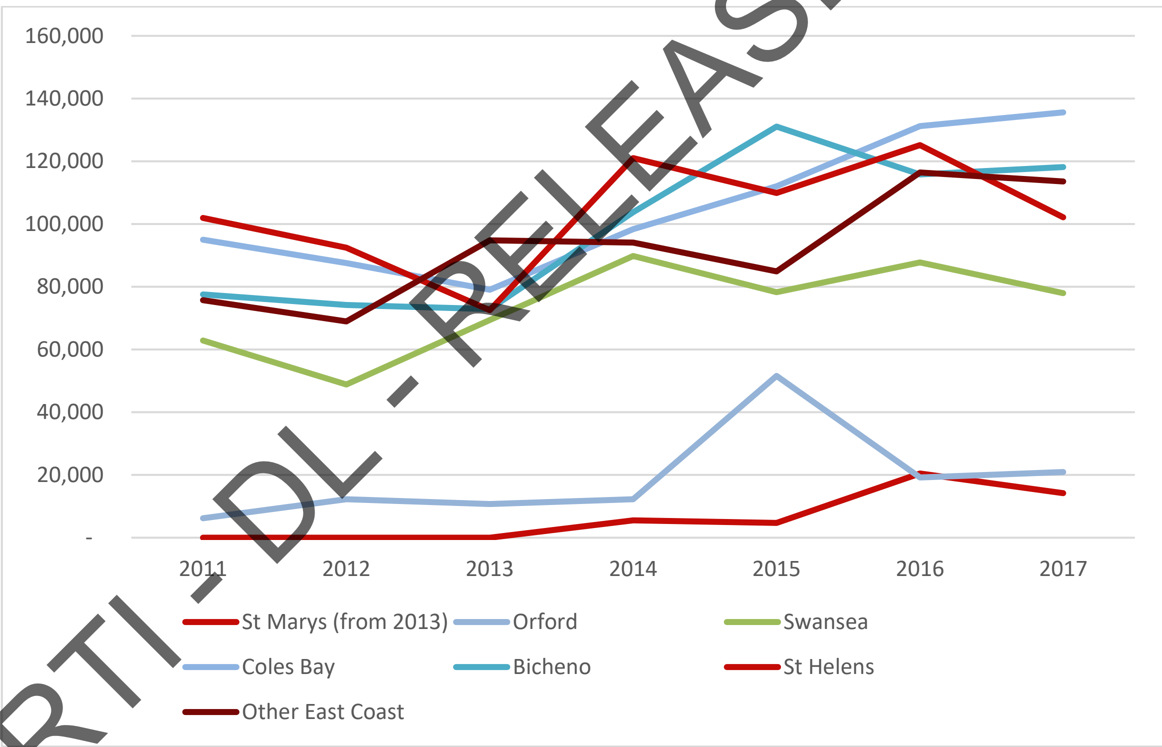
TOTAL East Coast	419,284	384,149	399,380	524,873	572,529	617,078	582,481

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

Figure 1.1 Number of nights spent by holiday visitors in selected East Coast locations



Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017)

The Tasmania Parks and Wildlife Service (PWS) also provides estimates of visitation to the Freycinet National Park. Monthly visitor records from July 2010 to June 2016 indicate visitation of 200,000 persons in the year ending June 2011 increasing to 271,000 persons for the year ending June 2016. These figures are broadly consistent with the figures compiled by Tourism Tasmania figures (see Table 1.3).

The PWS visitor records also underline the cyclical nature of tourism on the Freycinet Peninsula, with peak periods (December through to March) typically attracting three times the number of visitors during the May to August period.

1.3 Summary

Estimating visitor numbers to a specific location can be an imprecise science and different sources of visitation estimates provide varying results. Broadly however, visitor numbers and trends to the Freycinet Peninsula can be summarised as follows:

- Estimated visitation in 2017 of between 220,000 and 270,000 persons (assumed, on average to be 245,000 persons), increasing by around 5.5% per annum (based on 2011 to 2017 trends)
- Based on an estimated two-night average stay for overnight holiday visitors to Coles Bay, it is assumed there are around 68,000 overnight holiday visitors to Coles Bay annually. The proportion of visitors to Freycinet National Park that comprise overnight visitors is therefore between 25% and 31% of total visitors.

  Note: there is also likely to be a significant component of visitors to the Freycinet Peninsula who stay overnight in nearby towns such as Bicheno and Swansea.

2 OVERVIEW OF MASTER PLAN PROJECTS

The Freycinet Master Plan proposes a range of initiatives and projects aimed at enhancing the visitor experience (as well as improving conditions for residents) and, secondly, providing basic infrastructure to Coles Bay in the form of a reticulated sewerage system. These initiatives are outlined in further detail below.

2.1 Freycinet Experience Initiatives

Initiatives and projects proposed in the Freycinet Master Plan aimed at enhancing the visitor experience, and improving the functionality of the Coles Bay and the broader Freycinet Peninsula can be described within a number of specific categories. These include:

Arrival and Wayfinding

- At the entrance to the Peninsula, removal of current information bay and new entrance signage.
- New signage at the Tasman Highway intersection.
- Wayfinding signage around Coles Bay town centre.

Visitor Gateway Hub

- Construction of new integrated visitor centre for PWS & private tour operators with retail/cafe/bar/gallery with new access roads, car park, landscaping, pedestrian connections to Freycinet Drive, Recreational Vehicle parking area, new walking track to top of hill, internal signage and other civil works. The Master Plan assumes the central hub will comprise a 1,200m^2 main building.

  The Visitor Gateway Hub would represent a key project aimed at:

  - Providing a clearer point of entry for both Coles Bay and the Freycinet Peninsula
  - Providing views of Great Oyster Bay and the Freycinet Peninsula
  - Providing greater interaction between visitors to the area and the town of Coles Bay, including the commercial businesses located in Garnet Avenue
  - Providing a central hub from which walking paths and cycling tracks through the town itself and to and from the national park can be accessed
  - Replacing the existing visitors centre located between Coles Bay and the Wineglass Bay walking track car park
  - Providing a major car park facility, from which potential shuttle bus services can be provided thus taking significant pressure off the existing car park at the terminus of the Wineglass Bay walking trail. It should be noted that, at present, it is estimated that by 2037, the existing Wineglass Bay tracks car park capacity of 185 vehicle

parking spaces will be exceeded for eight months of the year. To accommodate the projected visitor growth some 460 spaces are expected to be required around the middle of the day, which is the peak period for walkers/hikers. The ability to provide this level of infrastructure at the existing site within the National Park is not possible.

- Providing the key entry point for all visitors to the area and include National Park entry fees, guides and information and other services.

- Pedestrian connections between the Visitor Gateway Hub and the town centre, boat operating hub and between key parts of Coles Bay.
- A 5.1km shared use trail between the Visitor Gateway Hub and the Wineglass Bay trailhead.
- Infrastructure to support shuttle bus operations (e.g. shelters, signage, seating) between the Visitor Gateway Hub and the Wineglass Bay trailhead.

Coles Bay Upgrades

- Upgrade of playground and BBQ facilities at Iluka Village.
- Road layout improvements.
- Extension to public boat ramp.
- Replacement of boat ramp toilets (Esplanade East).

Boat Transport System

- Breakwater Jetty Extension.
- Replacement of Old Quarry Jetty.

Wineglass Bay Trail

- Additional lookout to the west of existing lookout.
- Completion of one-way loop, additional interpretive facilities and new toilet at northern end of isthmus.

Honeymoon Bay

- New short walk experience from existing car park through to Dove Creek, new picnic area and conversion of car park areas in resting spots.

Whitewater Wall

- Formalisation of camping spaces with designated spaces for small and large groups (in conjunction with booking system).

Bike Trail

- New 23km to 25km bike trail to create a Coles Bay, Moulting Lagoon and Friendly Beaches loop.

Project Costs

The projects outlined above are sequenced for completion over a timeframe primarily consisting of one to five years, with several projects planned for a six to ten-year timeframe.

The estimated cost of the projects is $28,882,000, expressed in 2017 dollars and including preliminary costs, professional fees and a nominal site loading.

The most significant cost element is the Visitor Gateway Hub which is estimated to cost $13,760,000 in construction, as well as preliminary, professional and site costs.

2.2 Sewerage Treatment Project

A new reticulated sewerage system is proposed as a separate project comprising five stages as follows:

- Pump Station & rising main from Trail Head to existing Sewerage Treatment Plant.
- Connection of campsite facilities to the new installed rising main connection.
- New initially sized Sewerage Treatment Plant & lagoon, pump station & rising main from ex. ponds, connection of The Lodge rising main discharge to the new pump station, connection of new Visitor centre to newly installed rising main.
- Reticulation connection of Coles Bay commercial precinct, new pump station to the newly installed rising main.
- The Fisheries and remaining Coles Bay residential areas connected to new pump stations and rising mains.

Project Costs

The stages outlined above are sequenced for completion over a timeframe with Stages 1 to 4 proposed over an initial five-year period, and Stage 5 occurring between year 6 and year 10.

The estimated cost of the Sewerage Treatment Project is $23,826,000, expressed in 2017 dollars and including preliminary costs, professional fees and a nominal site loading.

3 ECONOMIC BENEFITS ASSOCIATED WITH MASTERPLAN PROJECTS

The following assessment deals separately with the impacts of the:

a Freycinet Experience Initiatives;

b Sewerage Treatment Project; and

c The Aggregated Projects

3.1 Freycinet Experience Initiatives

Construction Employment

Analysis of ABS National Accounts and Input-Output tables and various industry sources indicates that approximately $500,000 in construction investment directly supports one full-time-equivalent (FTE) construction job for a year (one job year).

Project costs associated with the range of Freycinet Experience Initiatives total $28.8 million and would therefore generate an estimated 57.6 Full Time Equivalent (FTE) construction jobs over the course of the construction period.

In addition, the employment multiplier of 2.6 (based on ABS Input/output data for “other construction”) indicates a further 92 FTE indirect (or flow-on) jobs in supply industries would be generated in the wider economy over the construction phase through industry and consumption effects. Total direct and indirect employment associated with the construction phase would therefore total 150 FTE jobs.

Capital works provide an opportunity for construction employment to be sourced locally, or at a regional level; to the extent this is possible.

Net Economic Benefit to the Region

The principal ongoing benefit of the proposed Freycinet Experience Initiatives is the ability to accommodate ongoing growth in tourist numbers, and by extension tourism spending, by removing – or at least alleviating – existing constraints based around the car park at the head of the Wineglass Bay walking trail.

Holiday visitor spending is difficult to accurately calculate. For the purposes of this analysis reference has been made to Tourism Research Australia, Tourism, LGA summary spending per market (2015), specifically relating to Glamorgan-Spring Bay Council.

This data indicates estimates an International Visitor spend of $445 per trip, Domestic Overnight spend of $311 per trip and a daily spend of $89 by domestic day visitors. Spending includes accommodation, food and beverage and spending on other items and services.

For the purpose of assessing the impact of the proposed Visitor Centre on the Freycinet Peninsula specifically, this analysis assumes the following:

- An average spend of $311 per trip for overnight holiday visitors (international and domestic) Note: this represents a conservative estimate.
- An average spend of $89 per day for day holiday visitors
- Average spends per night/day have effectively been held at 2015 levels
- A current total spend of $21.1 million by overnight visitors and $15.8 million by day visitors to the Freycinet Peninsula has been estimated. This equates to $36.9 million in total visitor spending pa.

These figures are summarised in Table 3.1.

Impact of Freycinet Experience Initiatives

In terms of estimating the impact on visitor spending of the proposed Visitor Centre, two scenarios have been developed:

- Scenario 1, in which visitor spending is assumed to increase by 5.5% per annum over the next ten years (to 2027) in line with the average increase in visitation to the area over the period 2011 to 2017.
- Scenario 2, in which visitor spending is assumed to increase by 1.5% per annum as visitor growth in constrained due to difficulties with parking and therefore access to the Freycinet National Park's most sought-after attractions (specifically, the Wineglass Bay walking trail).

Scenario 1 is effectively a proxy for the provision of the proposed initiatives, in particular Visitor Gateway Hub and projects associated with improving the efficiencies of parking and access to the wineglass Bay trailhead.

Scenario 2 effectively represents a business-as-usual approach.

As is evident in Table 3.1, the difference in visitor spending between the two scenarios in ten years (ie by 2027) is significant, estimated to be around <u>$20.2 million per annum</u>.

As with any economic analysis of this kind, the results are based on modelling informed by a number of assumptions. Should the assumptions vary, the results will change. For example, there is no allowance as to whether, even with additional car parking capacity, the Wineglass Bay walking track can accommodate growth at around 5.5% per annum.

Table 3.1 Visitor Spend and Impact of proposed Freycinet Experience Initiatives

	Overnight Domestic	Day	Total
Visitors	68,000	177,000	245,000
Nights	2		
Average Stay (Nights)	136,000		
Average Spend per Night			
Average Spend ($) per Visit	$311	$89	
	$21,148,000	$15,753,000	$36,901,000
Holiday Visitors at 2027 based on 5.5% annual growth	116,150	302,300	418,450
Holiday Visitors at 2027 based on 1.5% annual growth	78,900	205,420	284,320
Average Spend at 2027 based on 5.5% annual visitor growth ($2017)	$36,122,650	$26,904,700	$63,027,350
Average Spend at 2027 based on 2.0% annual visitor growth ($2017)	$24,537,900	$18,282,380	$42,820,280
Difference:	$11,584,750	$8,622,320	$20,207,070

Source: Regional Tourism Snapshot, East Coast, Tasmania (TVS year ending June 2017), Tourism Research Australia, Regional Economic Profile 2015 and Essential Economics

Ongoing Employment

An increase in visitor spending of $20.2 million per annum would support approximately 100 jobs in the services sector (based on 1 job allocated for every $200,000 of induced spending), supporting jobs in the Coles Bay area and broader region associated with retail, accommodation, trade supplies, cafes and restaurants etc.

Visitor Gateway Hub Operating Structure

It is envisaged the Visitor Gateway Hub would become the central tourism hub for the Freycinet Peninsula area, and could include:

- Parks and Wildlife Services (PWS) management and operations for the area
- PWS gateway services (eg. National Park admission entry and information)
- Transport (including National Park entrance information) management and operation (in the event bus shuttle services are in place)
- Car parking
- Separate sub-premises for food and beverage operators (eg cafes and restaurants)
- Sub-premises for independent tourism operators

- Other retail facilities

The investment structure for such a facility is potentially flexible, though it is considered likely the facility would need to be government funded. In the event the hub was funded by the Tasmanian Government, it is anticipated part of the facility would be sub-let to the PWS, while sub-premises would be available to the private sector for food and beverage, retail and tourism operators. These tenancies have the capacity to derive an income for the Tasmanian Government or for PWS under a head-lease arrangement.

3.2 Sewerage Treatment Project

Construction Employment

Analysis of ABS National Accounts and Input-Output tables and various industry sources indicates that approximately $500,000 in construction investment directly supports one full-time-equivalent (FTE) construction job for a year (one job year).

Project costs associated with the sewerage treatment project total $23.8 million and would therefore generate an estimated 47.6 Full Time Equivalent (FTE) construction jobs over the course of the construction period.

In addition, the employment multiplier of 2.6 (based on ABS Input/output data for "other construction") indicates a further 76 FTE indirect (or flow-on) jobs in supply industries would be generated in the wider economy over the construction phase through industry and consumption effects. Total direct and indirect employment associated with the construction phase would therefore total 124 FTE jobs.

Capital works provide an opportunity for construction employment to be sourced locally, or at a regional level; to the extent this is possible.

3.3 Aggregate Benefits

Table 3.2 provides a summary of the combined economic benefits associated with the Freycinet Experience Initiatives and the Sewerage Treatment Project.

In summary, the combined projects provide:

- Direct investment of $52.6 million
- Direct construction related employment of 105 FTE jobs during the construction period
- Indirect employment as a result of construction related activity of 168 FTE Jobs during the construction period
- Increase in Visitor Spending of $20.2 million per annum by 2027 (figure expressed in 2017 dollars)
- Ongoing employment associated with increase in visitor spending of 100 FTE jobs

Table 3.2 Summary of Aggregate Economic Benefits

	Freycinet Experience Initiatives	Sewerage Treatment Project	Total
Direct Investment ($ millions)	$28.8m	$28.3m	$52.6m
Construction Employment			
- Direct FTE Jobs during Construction	58	48	106
- Indirect FTE Jobs during Construction	92	76	168
- Total Direct and Indirect Jobs during Construction)	150	124	274
Annual Increase in Visitor Spend ($ millions) by 2027 ($2017)	$20.2m		$20.2m
Ongoing employment as a result of increase visitor spending (FTE Jobs)	100		100

Source: Essential Economics Pty Ltd

3.4 Healthier Communities

Investment in infrastructure which encourages people to engage in recreational activities, such as walking or hiking, will generate important social and economic benefits associated with healthier communities.

The *Our Game of Life* report (Sport and Recreation Alliance, UK) assessed a wide-range of evidence which exists to demonstrate the sport and recreation sector's economic and social benefits.

These benefits include:

- Improved productivity
- Improving public health
- Reducing crime and anti-social behaviour
- Fostering social cohesion.

Specific health factors identified in the study include benefits in relation to:

- Cardiovascular disease
- Mental health
- Muscular skeletal health
- Diabetes
- Weight management

4 BENEFIT COST ANALYSIS

4.1 Methodology

A high -level benefit-cost analysis has been prepared to demonstrate the net benefits of the proposed potential projects in net present value terms. The calculation is based on the following assumptions:

- A 20-year lifecycle.
- The construction phase is assumed to occur progressively between year 1 and year 10 with benefits accruing from year 6.
- To the potential for double counting, the net benefits are limited to the incremental increase in net visitor spending as outlined in Chapter 3.
- Two models have been prepared with 4% and 7% discount rates used for sensitivity analysis.
- All results expressed in Net Present Value (NPV).

4.2 Net Benefits Using a 4% Discount Rate

Over 20 years total costs are estimated at $47.72 million (NPV), while total benefits are estimated at $262.4 million (NPV).

Benefits comprise $262.4 million (NPV) in added local benefits (both direct and indirect) as a result of net increased Tourism related spending

Lifecycle costs and benefits are shown in Table 4.1.

Table 4.1: Proposed Projects – Benefits and Costs (20-Year Lifecycle and 4.0% Discount Rate)

	Present Value (2017)
Costs	
Freycinet Experience Initiatives Project Construction	$21,401,100
Sewerage Treatment Construction	$14,028,000
Preliminaries, Professional Fees, and Site Loading	$12,286,200
Total Costs	$47,715,300
Benefits	
Increased Net Tourism Spend	$262,400,000
Net Present Value	***$214,684,700***

Sources: Emma Riley & Associates, Tourism Research Australia, Essential Economics Pty Ltd. Totals rounded

As Table 4.2 highlights, this scenario delivers a Benefit Cost Ratio (BCR) of 5.5, which indicates a return of $5.50 for every $1.00 invested.

Table 4.2: Proposed Projects – Benefit Cost Analysis (20-Year Lifecycle and 4.0% Discount Rate)

Indicator	Value
Total benefits	$262,400,000 (PV)
Total costs	$47,715,300 (PV)
Net Present Value	$214,684,700
Benefit Cost Ratio (BCR)	5.5

Sources: Emma Riley & Associates, Tourism Research Australia, Essential Economics Pty Ltd. Totals rounded

4.3 Net Benefits Using a 7% Discount Rate

Over 20 years total costs are estimated at $42.37 million (NPV), while total benefits are estimated at $175.52 million (NPV).

Benefits comprise $175.52 million (NPV) in added local benefits (both direct and indirect) as a result of Net increased Tourism related spending

Lifecycle costs and benefits are shown in Table 4.3.

Table 4.3: Proposed Projects – Benefits and Costs (20-Year Lifecycle and 7.0% Discount Rate)

	Present Value (2017)
Costs	
Freycinet Experience Initiatives Project Construction	$18,683,300
Sewerage Treatment Construction	$11,749,500
Preliminaries, Professional Fees and Site Loading	$11,941,700
Total Costs	$42,374,500
Benefits	
Increased Net Tourism Spend	$175,521,200
Net Present Value	***$133,146,700***

Sources: Emma Riley & Associates, Tourism Research Australia, Essential Economics Pty Ltd. Totals rounded

As Table 4.4 highlights, this scenario delivers a Benefit Cost Ratio (BCR) of 4.14, which indicates a return of $4.14 for every $1.00 invested.

Table 4.4: Proposed Projects – Benefit Cost Analysis (20-Year Lifecycle and 7% discount rate)

Indicator	Value
Total benefits	$175,521,200 (NPV)
Total costs	$42,374,500 (NPV)
Net Present Value	***$133,146,700***
Benefit Cost Ratio (BCR)	4.14

Sources: Emma Riley & Associates, Tourism Research Australia, Essential Economics Pty Ltd. Totals rounded

4.4 Conclusions

The main findings of the benefit-cost analysis are as follows:

1 Based on a discount rate of 4%, the proposed projects Benefit Cost Analysis indicates a net present value of $214.7 million and a benefit-cost ratio of 5.50.

2 Based on a discount rate of 7%, the proposed projects Benefit Cost Analysis indicates a net present value of $133.1 million and a benefit-cost ratio of 4.14.