

LUCAS PROPERTY GROUP

ECONOMIC AND EMPLOYMENT IMPACT ASSESSMENT OF

SUSSEX INLET GOLF COURSE ESTATE DEVELOPMENT

Rolyat Services Pty Ltd and Hincks and Associates Pty Ltd
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TABLE OF CONTENTS

	Page
1.0 EXECUTIVE SUMMARY.....	1
2.0 INTRODUCTION.....	2
2.1 The brief.....	2
2.2 Data sources used for this study.....	2
3.0 SUSSEX INLET COMMUNITY OVERVIEW.....	2
3.1 Historical population growth.....	3
3.2 Projected population growth.....	3
3.3 Ages profiles for Shoalhaven City and Sussex Inlet.....	4
3.4 Dwelling demand and choice in Sussex Inlet.....	5
4.0 TOURISM TRENDS IN THE SOUTH COAST AND SHOALHAVEN CITY.....	7
4.1 Overview.....	7
4.2 Visitation to Shoalhaven City.....	7
4.3 Tourism employment in Shoalhaven City.....	8
4.4 Tourism in Sussex Inlet.....	9
4.5 Sussex Inlet Golf Club.....	9
5.0 PROPOSED DEVELOPMENT OF THE LUCAS PROPERTY GROUP'S SUSSEX INLET GOLF COURSE ESTATE.....	9
5.1 History of the Lucas Property Group.....	11
5.2 Estate residential lot projections.....	11
5.3 Estate residential dwelling projections.....	12
5.4 Tourist resort apartment production estimates.....	13
6.0 ESTIMATED CONSTRUCTION COSTS FOR THE GOLF COURSE ESTATE DEVELOPMENT.....	13
6.1 Lot development gross cost estimates.....	13
6.2 Dwelling gross construction cost estimates.....	14
6.3 Golf course and clubhouse gross construction cost estimates.....	16
6.4 Resort apartment gross construction cost estimates.....	16
7.0 ESTIMATION OF REGIONAL ECONOMIC BENEFITS GENERATED BY PROJECT CONSTRUCTION.....	16
7.1 Regional benefits from lot development.....	17
7.2 Regional benefits from dwelling construction.....	18
7.3 Regional benefits from golf course development.....	20
7.4 Regional benefits from new golf clubhouse construction.....	21
8.0 ESTIMATION OF REGIONAL ECONOMIC BENEFITS GENERATED BY NEW ESTATE HOME OWNERS.....	23
8.1 Regional benefits from new estate home owners.....	26
9.0 ESTIMATION OF REGIONAL ECONOMIC BENEFITS GENERATED BY PROPOSED RESORT.....	29
9.1 Regional benefits from new resort apartment construction	29
9.2 Regional benefits from tourist activity in new resort.....	31
10.0 ESTIMATION OF REGIONAL ECONOMIC BENEFITS GENERATED BY LOCAL SALES.....	33
10.1 Regional benefits from estate house and land package sales.....	34
10.2 Regional benefits from estate land only sales.....	36
11.0 ESTIMATION OF ADDITIONAL RATE REVENUE TO COUNCIL FROM THE ESTATE DEVELOPMENT.....	38

12.0	COMBINED ESTIMATE OF ALL DIRECT SPEND IN SHOALHAVEN ECONOMY FROM PROJECT	39
13.0	ECONOMIC MULTIPLIERS WITHIN THE SHOALHAVEN REGIONAL ECONOMY.....	41
13.1	Definition and determination of regional multipliers.....	41
13.2	Employment generation from estate development and construction.....	43
14.0	CONCLUSIONS.....	44
15.0	REFERENCES AND ACKNOWLEDGEMENTS.....	44
15.1	References.....	44
15.2	Acknowledgements.....	45

1.0 EXECUTIVE SUMMARY

This study was commissioned by Mr. Ralph Lucas, Managing Director of the Lucas Property Group, as an economic and employment impact assessment of the proposed Sussex Inlet Golf Course Estate development.

The tasks required to be addressed by this study are as follows:

Task 1 - Review and analysis of project components:

- Golf
- Tourism
- Housing

Task 2 - Assessment of development impacts including timing of impacts:

- Assessment of economic multipliers including employment arising from the project
- Construction expenditure and employment impact
- Tourism expenditure and employment impact
- Resident population growth and expenditure impact

Task 3 - Report on economic impacts and short and long term employment impacts

Under the development proposal, the existing golf course, which is owned by Lucas Property Group and currently leased to the Sussex Inlet Golf Club, will be remodeled and extended to a resort quality course, with a full 18 fairways and greens, and a new high quality clubhouse constructed. Part of the existing course, as well as adjacent undeveloped areas, will be used for the construction of a housing estate.

The housing estate will include 330 “golf course” lots immediately adjacent to holes on the remodeled golf course and another 370 “normal” lots located within the development area but not fronting onto the golf course. There will be a total of 700 housing lots and another 100 medium density lots produced in clusters on the estate. In addition, a site for a resort will be developed and then on-sold to a specialist tourism resort operator. The resort will be focused on golf-related tourism and convention hosting.

The Golf Course estate development has an estimated total undiscounted development and construction cost of \$204 million over 10 years, in constant 2007 dollars. The estimated direct regional spend from this amount is \$120 million. When ABS construction multipliers of 1.762 are applied to this direct regional spend, the resulting indirect flow on effect is calculated at \$211.5 million. The total expenditure effect from the estate development and construction costs in the Shoalhaven economy is estimated at \$331.5 million in constant 2007 dollars.

In addition, additional estimated non-construction direct regional spend from the estate totals \$94.1 million over 10 years in constant 2007 dollars. These additional non-construction project benefits will continue to contribute to the Shoalhaven economy beyond the 10 year analysis period.

2.0 INTRODUCTION

2.1 The brief

The study team were commissioned by the Lucas Property Group (LPG) to prepare an economic and employment impact assessment of the proposed Sussex Inlet Golf Course Estate development. The tasks required to be addressed in this study are as follows:

Task 1 - Review and analysis of project components:

- Golf
- Tourism
- Housing

Task 2 - Assessment of development impacts including timing of impacts:

- Assessment of economic multipliers including employment arising from the project
- Construction expenditure and employment impact
- Tourism expenditure and employment impact
- Resident population growth and expenditure impact

Task 3 - Report on economic impacts and short and long term employment impacts

2.2 Data sources used for this study

Information for this study has been sourced from available published documents, a site visit and interviews held with local residents and Shoalhaven City Council officers, as well as discussions with LPG officers. The accurate determination of economic multipliers and flow-on employment effects that would result from the proposed development requires the construction of regional input/output tables, which is beyond the budget and time frame available for this study. To address this aspect of the Department's requirements, other studies and data from the Australian Bureau of Statistics (ABS) have been drawn on which provide a reasonable indication of the likely multiplier effects on the Shoalhaven regional economy arising from the proposed development.

3.0 SUSSEX INLET COMMUNITY OVERVIEW

Sussex Inlet is set on the western shores of the inlet that connects St. Georges Basin with the South Pacific ocean. Sussex Inlet is located approximately 190km south of Sydney and 13km east of the Princes Highway, on a single access road. The nearest major town is Nowra, 33km north of the Sussex Inlet turnoff on the highway. Milton/Ulladulla, the next major urban centre to the south, is located 33km south of the Sussex Inlet turnoff.

Sussex Inlet has a current resident population of approximately 4,000 people (2005, *Sussex Inlet Settlement Strategy*) and according to the 2006 Shoalhaven Water Section 64 water supply development servicing plan had 2,975 dwellings in June 2004.

The town is a popular holiday destination area which draws up to 20,000 visitors (anecdotal information from local residents)² during the Christmas holiday period.

Visitors are mainly drawn from Sydney South, Sydney South West, the Illawarra area and Victoria. The area is also popular as a retiree haven and indications are that this trend will continue well into the future (Dr. Judith Stubbs, 2003).

3.1 Historical population growth

Historical growth of Sussex Inlet has kept pace with overall permanent population growth in the Shoalhaven City area, with a compound annual growth rate of 2.7% per annum since 1991 (Table 2.1). Sussex Inlet comprised 3.3% of the Shoalhaven City LGA total resident population in 1991 and 1996. This proportion increased to 3.5% in 2001.

Table 3.1
Estimated resident population Shoalhaven City LGA and Sussex Inlet 1991- 2001

	1991	1996	2001	1996-01
	number	number	number	% Compound Rate PA
Shoalhaven City	70,460	79,068	87,650	2.7
Sussex Inlet	2,326	2,651	3,033	2.7
Sussex Inlet as a % of total LGA	3.3%	3.3%	3.5%	

Source: Population and Dwelling Trends 2002 Shoalhaven City Council (based on ABS Census figures adjusted)
Sussex Inlet figures includes Swan Haven

3.2 Projected population growth

In 2003 the Australian Bureau of Statistics reported Shoalhaven City's estimated resident population at 90,679. Since 1991 the City's average annual rate of growth has been trending slowly downwards and for the latest period 2001-03 was 1.9% per annum. Nevertheless, it is predicted that the City will have continue growth in the future.

Department of Planning population forecasts indicate a continuing decline in the annual growth rate to only 1.1% by 2026, averaging 1.53% over the whole period, and growing at a faster rate than any other coastal LGA south of the Sydney Statistical Division (*Shoalhaven Economic Development Strategy, June 2005*).

While the Department prepares population forecasts on a local government area basis, these forecasts do not extend to individual towns and villages within LGA's. Population forecasts have been undertaken for the Sussex Inlet area by APP Corporation Pty Ltd. These forecasts are available in the document *Sussex Inlet Settlement Strategy Draft, April 2006*, which was prepared for Shoalhaven City Council and partly funded by NSW Department of Planning.

Population growth projections for the Sussex Inlet area are set out in Table 3.2. The Table suggests that Sussex Inlet will have a forecast resident population of between 6,250 and 11,250 by 2035. By 2015 the resident population is forecast to increase by between 800 and 1,650. Council's adopted forecast for the area is for a population of 6,129 by the year 2036 which is broadly in line with the "low" scenario forecast in Table 3.2.

It should be noted that the forecasts in Table 3.2 are based on the premise that the demand for new housing was unconstrained. The Sussex Inlet Settlement Strategy on Page 13 states *"clearly, the future population of Sussex Inlet will largely depend on how much land is available for residential development"*.

Table 3.2

Projected Sussex Inlet population growth to year 2030

Year	Low	Medium	High
2005	4,000	4,000	4,000
2010	4,424	4,526	4,751
2015	4,806	5,120	5,642
2020	5,174	5,793	6,701
2025	5,543	6,554	7,959
2030	5,911	7,416	9,453

Source: Sussex Inlet Settlement Strategy, APP Corporation Pty Ltd 2006, Page 15

3.3 Age profiles for Shoalhaven City and Sussex Inlet

Shoalhaven City's age structure in 2001 showed a high percentage of the population over the age of 55 (31.1%) compared to the overall proportion of the NSW population over 55 (22%). Within Shoalhaven City, some coastal areas showed a much higher percentage of people over 55 such as Sussex Inlet at 49% and Currarong at 44%. Table 3.3.1 provides a breakdown of Shoalhaven City's population by age compared to the overall NSW population.

Table 3.3.2 provides a projection of Sussex Inlet's percentage of residents aged 65+ and the estimated number of residents in that age bracket to the year 2030. It is forecast that the percentage of people aged 65+ at Sussex Inlet will increase to 35% of the area's population by the year 2035.

Table 3.3.1**Shoalhaven City broad age structure compared to NSW (based on census count)**

	Shoalhaven City					NSW overall			
	1996 (No.)	2001 (No.)	1996 (%)	2001 (%)		1996 (No.)	2001 (No.)	1996 (%)	2001 (%)
0-14	17,992	18,146	23	22		1,285,594	1,313,350	21	21
15-54	36,706	39,248	48	47		3,434,835	3,576,949	57	57
55-64	8,207	9,995	11	12		512,210	592,394	9	9
65+	13,577	15,914	18	19		762,913	828,475	13	13
Total	76,482	83,303	100	100		5,995,552	6,311,168	100	100

Source: Population and Dwelling Trends 2002, Shoalhaven City Council

Table 3.3.2**Sussex Inlet future age profile projections**

Year	% aged 65+	Low	Medium	High
2005	23%	920	920	920
2010	25%	1,106	1,132	1,188
2015	27%	1,298	1,382	1,532
2020	30%	1,552	1,738	2,010
2025	33%	1,829	2,163	2,626
2030	35%	2,068	2,596	3,309

Source: Sussex Inlet Settlement Strategy, Draft April 2006

3.4 Dwelling demand and choice in Sussex Inlet

While the ABS publishes considerable data on dwellings for the Shoalhaven City local government area, this data is considered too generalised for analysis of future requirements for the Sussex Inlet area on its own. For this study, future demand for dwellings in Sussex Inlet has been drawn from the *Sussex Inlet Settlement Strategy*.

Housing development within the Sussex Inlet area has been affected by a number of factors:

- The rezoning moratorium imposed since the early 1990's has prevented any significant new areas of residential zoned land being brought to the market, apart from the current Multiplex development, which was zoned for residential development before the moratorium;
- There also has not been any substantial capacity for development in existing areas given the current planning controls, and
- The demand for coastal living has increased over recent years.

These factors have resulted in significant price increases for housing in the Sussex Inlet area particularly during the period 2000-2004.

Discussions with Council have reinforced the view set out in the Settlement Strategy that the “sea change” phenomenon has been the driving force for housing demand in Sussex Inlet. This trend appears likely to continue and indeed may increase (see Table 3.3.2). The Settlement Strategy indicates that in many instances properties are initially purchased as investments with a view to the owners permanently retiring to Sussex Inlet in the future.

Table 3.4 lists cumulative population figures for Sussex Inlet to 2035 (drawn from Table 3.2) and the resultant dwelling demand. The table covers low to high population forecasts. The information provided by the table indicates that ***within the next 7 to ten years, the demand for dwellings will range from 550 (low forecast) to 1,000 (high forecast).***

The Settlement Strategy found that, on the dwelling supply side, the three types of housing available in the Sussex Inlet area has remained relatively static. Currently there is a high proportion of detached houses within the study area and a relatively low proportion of medium density housing or other housing forms. It is forecast that demand for medium density housing and smaller lots will increase reflecting a combination of the aging population and a higher number of single person households within the area.

Table 3.4
Sussex Inlet Forecast Dwelling Demand - 2005 to 2035

Year	Cumulative Net Population Increase (low projection)	Resultant Cumulative Dwelling Demand (low projection)	Cumulative Net Population Increase (medium projection)	Resultant Cumulative Dwelling Demand (medium projection)	Cumulative Net Population Increase (high projection)	Resultant Cumulative Dwelling Demand (high projection)
2005	-	-	-	-	-	-
2010	424	283	526	350	751	500
2015	806	537	1,120	747	1,642	1,095
2020	1,174	783	1,793	1,195	2,701	1,801
2025	1,543	1,029	2,554	1,703	3,959	2,639
2030	1,911	1,274	3,416	2,277	5,453	3,635
2035	2,267	1,511	4,390	2,927	7,227	4,818

Source: Sussex Inlet Settlement Strategy Pages 12 -13

The key conclusions from the Settlement Strategy on housing trends for Sussex Inlet include:

- The age profile of the population is weighted towards older people, which will increase in the future;
- The housing stock is predominately detached housing on large lots, raising issues of suitability for some people as they age and are less able to attend to maintenance and gardening tasks by themselves.

These issues may become increasingly important given the low level of income of many retirees in the town, and

- The ongoing trend of development and sales of holiday homes results in comparatively low occupancy rates at certain times of the year

4.0 TOURISM TRENDS IN THE SOUTH COAST AND SHOALHAVEN CITY

4.1 Overview

Tourism in the South Coast region is dominated by domestic overnight visitors from Sydney, Canberra, regional NSW and Victoria. The South Coast provides excellent surfing and swimming beaches, estuaries, lakes and extensive national parks and forest areas. Table 4.1.1 highlights the main activities undertaken by domestic overnight visitors to the South Coast Region.

Table 4.1.1

Main leisure activities undertaken by domestic overnight visitors to the South Coast Region, 1998

Activity	Percentage
Visit the beach, including swimming, surfing and diving	57
Just walk/drive around/sight seeing	33
Visit friends and relatives	29
Go fishing	26
Visit national parks, bushwalking	26
Eat out/restaurants	23
Go shopping (for pleasure)	13
Other outdoor activities	12
Golf	6

Source: BTR Occasional Paper Number 33 Page 114

Trends in tourist numbers and expenditure on a local government area basis were published annually by Tourism New South Wales up to 1998. Current unpublished data on an LGA basis is available but cannot be provided within the timeframe of this study.

4.2 Visitation to Shoalhaven City

LGA visitor numbers and expenditure information has been drawn from the document “*Tourism in the Shoalhaven*”, *Shoalhaven City Council, October 2006*. Table 4.2.1 provides data on expenditure by domestic and international visitors to the region on a day/night basis as at 2005. Table 4.2.2 provides domestic and international visitor numbers with the daily expenditure figures from Table 4.2.1 to derive the total expenditure by visitors to the Shoalhaven City area for the year ended December 2005.

Table 4.2.1**Daily expenditure by visitors to the South Coast and the Shoalhaven LGA , 2005**

Visitor classification	2005 Expenditure per day/night
South Coast domestic	\$88 per night
South Coast domestic	\$90 per day
South Coast international	\$61 per night in the region
South Coast international	\$90 per day (assumed same as domestic)

Source: “Tourism in the Shoalhaven”, Shoalhaven City Council, October 2006

Table 4.2.1**Visitor numbers and expenditure in the South Coast region and Shoalhaven City LGA for year ended December 2005**

Year ending December 2005	Shoalhaven LGA	South Coast region¹
Domestic overnight visitors	1,146,000	2,318,000
Domestic visitor nights	4,088,000	8,709,000
Domestic day visitors	1,334,000	2,152,000
Expenditure by domestic overnight visitors	\$359,744,000	\$766,392,000
Expenditure by domestic day visitors	\$120,060,000	\$193,680,000
International visitors		
Number of visitors	27,500	54,000
Number of visitor nights ²	190,700	397,000
Number of day visitors ²	22,000	44,000
Expenditure overnight visitors	\$11,632,700	\$24,217,000
Expenditure day visitors	\$1,980,000	\$3,960,000
Total expenditure by visitors	\$493,417,000	\$988,249,000

Source: “Tourism in the Shoalhaven”, Shoalhaven City Council, October 2006

- Notes:**
- 1.** South Coast includes Shoalhaven City, Eurobodalla Shire and Bega Valley Shire Local Government Areas.
 - 2.** Unreliable data.

4.3 Tourism employment in Shoalhaven City

A recent study on regional tourism employment (BTR Occasional Paper 33, year 2000) found that tourism employs almost twice as many South Coast residents as agriculture, forestry, fishing, and mining. Tourism is the region’s third biggest employer, behind wholesale and retail trade and education, health and community services. The BTR study found that tourist expenditure generates between 5,700 and 6,700 tourism jobs in the South Coast tourism region. The study also determined that every one million dollars of tourism expenditure is equivalent to 7 tourism jobs in the region, including both full-time and part-time.

The number of tourist-dependent jobs has been estimated for the Shoalhaven City LGA area, based on total tourist expenditure of \$493 million in 2005, at direct employment of 3,750 jobs. Indirect jobs for the South Coast region as a whole total 5,812. (*Tourism in the Shoalhaven, Shoalhaven City Council, October 2006*).

4.4 Tourism in Sussex Inlet

There is no data currently published on the extent and value of tourism in Sussex Inlet and discussions with the Tourism Manager, Shoalhaven City Council, indicated that it was not possible for Council to provide any data readily. While it is recognised that Sussex Inlet's contribution to the local tourist industry is important, a substantial amount of research would be necessary to ascertain the value of this local industry.

It is possible to apportion the Shoalhaven LGA data at Table 4.3, via population or by the number of tourist centres in the Shoalhaven, to derive an estimate of Sussex Inlet's tourism value, but Council's Tourism Manager advises that such an apportionment would be of little real value. Anecdotal information indicates that during the Christmas holiday period more than 20,000 visitors stay at Sussex Inlet.

Visitor accommodation is provided by a number of motels with 3 to 4 star ratings, apartments, holiday housing lettings and a substantial number of caravan parks. There are 13 caravan parks in Sussex Inlet but only 8 provide tourist accommodation. The rest cater for permanent residents only.

4.5 Sussex Inlet Golf Club

The existing Sussex Inlet golf course comprises 11 holes with 18 tees and is gradually being improved as funds permit. The course is owned by LPG and is leased to the golf club at nominal rent. The club building is an aged, single storey, low cost building that is in need of refurbishment. Facilities at the club are considered basic, however bar service and food catering is available.

Current membership is 430. During January and Easter holiday periods there is a high level of visitation at the club and demand often exceeds course availability. The current staffing is minimal, comprising 3 to 4 staff members plus volunteers.

A site visit and discussions with the club's Manager and Treasurer indicated that current club members are supportive of the proposed extension of the course and redevelopment of the club's premises.

5.0 PROPOSED DEVELOPMENT OF THE LUCAS PROPERTY GROUP'S GOLF COURSE ESTATE

Lucas Property Group's holdings in Sussex Inlet include 200 hectares adjoining the Riviera Keys development. This area contains the Sussex Inlet golf course as well as extensive areas to accommodate further development.

LPG plans to redevelop the golf course into a prestigious 18-hole course combined with residential and resort development integrated in and around the course. The proposed development is as follows:

- 330 home sites with golf course frontages;
- 370 home sites with “non-golf course” frontages (referred to in this study as “normal” lots);
- 100 medium density home sites;
- redevelopment of the golf course to a full 18 holes and construction of a new clubhouse, and
- Open space dedications exceeding 50 hectares.

LPG intends to sell off part of the estate to a separate resort developer in Year 4 of the development. It is predicted that the future tourist resort may construct 100 tourist apartments within the resort but this number is only indicative.

The development is planned over a period of 10 years, subject to demand and market conditions. Stage 1 will comprise the following works:

- Construction of a flood-free access road, linking the Badgee area to the main Sussex Inlet access road in from the Princes Highway. This will also benefit existing householders in the Badgee area who can currently get trapped by flooding in the low lying approaches to the area near Badgee Inlet;
- Redevelopment of the course including construction of 9 new holes, to take the course to full 18 hole resort quality standard;
- An exhibition village of 12 to 15 project homes, and
- Development of 80 initial lots.

LPG proposes redesigning the existing course and extending it to 18 full holes, with separate fairways and greens, and new “state of the art” clubhouse and premises, including the provision of full bar and restaurant. The extension of the golf course would commence at the beginning of Stage 1 and is expected to take between 18 and 24 months to complete. The course will be developed to just below championship course standard. The new clubhouse will be constructed in Year 2. The proposed redevelopment of the golf course is estimated to cost \$3.2 million and the new clubhouse \$1.6 million.

LPG intends to develop a tourist resort site within the golf course. The resort site is planned for resale to a resort developer by Year 4 with construction of the resort anticipated to commence in that year.

5.1 History of the Lucas Property Group

The Lucas Property Group was created in 2003 as a consolidation of the companies formerly in the Lucas and Tait Real Estate Group. The Lucas and Tait Real Estate Group was founded by Ralph and Alan Lucas, with George and Ross Tait, in 1964 and has built a solid reputation through the acquisition, development and sale of real estate subdivisions throughout NSW and Queensland. These subdivisions include residential, industrial/commercial, resort and rural developments and currently total more than 20,000 allotments.

The Lucas families acquired full ownership of Lucas and Tait in the mid 1970's, retaining the company name and expending into commercial construction and development in the 1980's.

The Lucas Property Group is well known and respected in the NSW South Coast and Mr. Ralph Lucas, the Managing Director, has more than 40 years' experience in property development in the region.

5.2 Estate residential lot projections

Based on the assumption that the LPG development will be approved in the near future, lot production will commence in 2007-08 and will proceed as set out in Table 5.2.1 below.

Table 5.2.1

Predicted annual lot production for the LPG Golf Course estate

Year	Normal lots	Golf course lots	Medium density lots	Total lots
2007-08	50	30	-	80
2008-09	45	30	50	125
2009-10	45	30	-	75
2010-11	45	30	50	125
2011-12	45	30	-	75
2012-13	45	30	-	75
2013-14	45	60	-	105
2014-15	45	30	-	75
2015-16	5	60	-	65
2016-17	-	-	-	-
Total	370	330	100	800

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 5.2.2 below sets out predicted cumulative lot production in the development.

Table 5.2.2**Predicted cumulative lot production for the LPG Golf Course estate**

Year	Normal lots cumulative	Golf course lots cumulative	Medium density lots cumulative	Total lots cumulative
2007-08	50	30	-	80
2008-09	95	60	50	205
2009-10	140	90	50	280
2010-11	185	120	100	405
2011-12	230	150	100	480
2012-13	275	180	100	555
2013-14	320	240	100	650
2014-15	365	270	100	735
2015-16	370	330	100	800
2016-17	370	330	100	800

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

5.3 Estate residential dwelling projections

Based on the lot production estimates in Tables 5.2.1 and 5.2.2 above, LPG's dwelling construction estimates are set out in Tables 5.3.1 and 5.3.2 below. These dwellings will not be built directly by LPG but will be constructed by local builders.

Table 5.3.1**Predicted annual dwelling construction in the LPG Golf Course estate**

Year	House and land packages (golf and normal lots)	Vacant lot sales (houses built within 3 years)	Medium density dwellings	Total dwellings
2007-08	-	-	-	-
2008-09	64	-	50	114
2009-10	60	-	-	60
2010-11	60	-	50	110
2011-12	60	16	-	76
2012-13	60	15	-	75
2013-14	60	15	-	75
2014-15	84	15	-	99
2015-16	60	15	-	75
2016-17	52	15	-	67
Total	560	91	100	751

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 5.3.2 below sets out predicted cumulative dwelling construction in the development.

Table 5.3.2**Predicted cumulative dwelling construction in the LPG Golf Course estate**

Year	House and land packages (golf and normal lots)	Vacant lot sales (houses built within 3 years)	Medium density dwellings	Total dwellings
2007-08	-	-	-	-
2008-09	64	-	50	114
2009-10	124	-	50	174
2010-11	184	-	100	284
2011-12	244	16	100	360
2012-13	304	31	100	435
2013-14	364	46	100	510
2014-15	448	61	100	609
2015-16	508	76	100	684
2016-17	560	91	100	751

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

5.4 Tourist resort apartment production estimates

As part of the Golf Course Estate development, LPG will also develop a site for a tourist resort development and plan to sell off that site to a specialist resort developer. As LPG will not be undertaking this development, estimates of tourist apartment construction in this study are indicative. LPG estimate that 100 apartments in all will be built for the resort, with 50 built in Year 4 and the rest in Year 5.

6.0 ESTIMATED CONSTRUCTION COSTS FOR THE GOLF COURSE ESTATE DEVELOPMENT

LPG estimates the following gross development and construction costs for the various components of the Sussex Inlet development:

- Normal and golf course lots - \$85,000 per lot
- Medium density lots - \$40,000 per lot
- Average detached dwelling construction costs - \$170,000 per dwelling
- Medium density dwelling construction costs - \$150,000 per dwelling
- Golf course redevelopment and extension to 18 holes - \$3.2 million
- New golf course clubhouse construction costs - \$1.6 million
- Tourist apartments construction costs - \$100,000 per apartment (indicative only)

6.1 Lot development gross cost estimates

Table 6.1.1 below sets the estimated annual gross lot development costs for the Golf Course Estate development.

Table 6.1.1**Predicted annual gross lot production costs for the LPG Golf Course estate**

Year	Normal lots (\$'000)	Golf course lots (\$'000)	Medium density lots (\$'000)	Total lots (\$'000)
2007-08	4,250	2,550	-	6,800
2008-09	3,825	2,550	2,000	8,375
2009-10	3,825	2,550	-	6,375
2010-11	3,825	2,550	2,000	8,375
2011-12	3,825	2,550	-	6,375
2012-13	3,825	2,550	-	6,375
2013-14	3,825	5,100	-	8,925
2014-15	3,825	2,550	-	6,375
2015-16	425	5,100	-	5,525
Total	31,450	28,050	4,000	63,500

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 6.1.2 below sets out predicted cumulative lot gross production costs for the development.

Table 6.1.2**Predicted cumulative lot gross production costs for the LPG Golf Course estate**

Year	Normal lots (\$'000)	Golf course lots (\$'000)	Medium density lots (\$'000)	Total lots (\$'000)
2007-08	4,250	2,550	-	6,800
2008-09	8,075	5,100	2,000	15,175
2009-10	11,900	7,650	2,000	21,550
2010-11	15,725	10,200	4,000	29,925
2011-12	19,550	12,750	4,000	36,300
2012-13	23,375	15,300	4,000	42,675
2013-14	27,200	20,400	4,000	51,600
2014-15	31,025	22,950	4,000	57,975
2015-16	31,450	28,050	4,000	63,500

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

6.2 Dwelling gross construction cost estimates

Table 6.2.1 below sets the estimated annual gross dwelling construction costs for the Estate development.

Table 6.2.1**Predicted annual gross dwelling construction costs for the LPG Golf Course estate**

Year	Average detached dwelling construction costs (for house and land packages) (\$'000)	Average detached dwelling construction costs (for vacant lots with average 3-year build delay) (\$'000)	Medium density dwelling costs (\$'000)	Total dwelling costs (\$'000)
2007-08	-	-	-	-
2008-09	10,880	-	7,500	18,380
2009-10	10,200	-	-	10,200
2010-11	10,200	-	7,500	17,700
2011-12	10,200	2,720	-	12,920
2012-13	10,200	2,550	-	12,750
2013-14	10,200	2,550	-	12,750
2014-15	14,280	2,550	-	16,830
2015-16	10,200	2,550	-	12,750
2016-17	8,840	2,550	-	11,390
Total	95,200	15,470	15,000	125,670

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 6.2.2 below sets out predicted cumulative dwelling gross construction costs for the development.

Table 6.2.2**Predicted cumulative gross dwelling construction costs for the LPG estate**

Year	Average detached dwelling construction costs (for house and land packages) (\$'000)	Average detached dwelling construction costs (for vacant lots with average 3-year build delay) (\$'000)	Medium density dwelling costs (\$'000)	Total dwelling costs (\$'000)
2007-08	-	-	-	-
2008-09	10,880	-	7,500	18,380
2009-10	21,080	-	7,500	28,850
2010-11	31,280	-	15,000	46,280
2011-12	41,480	2,720	15,000	59,200
2012-13	51,680	5,270	15,000	71,950
2013-14	61,880	7,820	15,000	84,700
2014-15	76,160	10,370	15,000	101,530
2015-16	86,360	12,920	15,000	114,280
2016-17	95,200	15,470	15,000	125,670

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

6.3 Golf course and clubhouse gross construction cost estimates

The estimated gross construction costs for the golf course redevelopment and extension and new clubhouse on the Estate development are as set out in Table 6.3.1 below:

Table 6.3.1

Predicted gross construction costs for the golf course and clubhouse

Year	Golf course redevelopment and extension costs (\$'000)	New clubhouse construction costs (\$'000)	Total course and clubhouse construction costs (\$'000)
2007-08	2,000	-	2,000
2008-09	800	1,600	2,400
2009-10	400	-	400
Total	3,200	1,600	4,800

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

6.4 Resort apartment gross construction cost estimates

Table 6.4.1 below sets out indicative cumulative dwelling gross construction costs for the 100 apartments likely to be built in the future golf course resort development.

Table 6.4.1

Predicted gross resort apartment construction costs for the future golf course resort

Year	Number of resort apartments constructed	Predicted resort apartment construction costs (\$'000)	Cumulative resort apartment construction costs (\$'000)
2007-08	-	-	-
2008-09	-	-	-
2009-10	-	-	-
2010-11	50	5,000	5,000
2011-12	50	5,000	10,000

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

7.0 ESTIMATION OF REGIONAL ECONOMIC BENEFITS GENERATED BY PROJECT CONSTRUCTION

The predicted benefits generated by the LPG golf course development assessed in this economic analysis begin with labour components and construction material inputs contributed to the development project and subsequent dwelling construction which will be spent directly within the Shoalhaven region.

These benefits have been estimated in discussion with Mr. Ralph Lucas and are supported by senior managers at Shoalhaven City Council, the Site Manager of the Anchorage apartment complex in Sussex Inlet and in discussions with several local business owners in Sussex Inlet. The quantification of these benefits is considered reasonable and is based on best available data.

Shoalhaven City LGA has a higher proportion of trades people than the NSW average. LPG advises that it is their policy to use local trades people wherever possible and consider that all development and construction work on the estate will be undertaken by local builders and trades people.

7.1 Regional benefits from lot development

LPG estimate that gross labour costs will comprise 60% of lot development costs, with material costs making up the other 40%.

Table 7.1.1 below sets the estimated gross lot development labour and materials inputs costs for the development.

Table 7.1.1

Predicted gross labour and materials input costs for lot production on the LPG Golf Course estate

Year	Gross labour cost at 60% of total lot development cost (\$'000)	Gross materials cost at 40% of total lot development cost (\$'000)	Total annual lot development cost for estate (\$'000)	Total cumulative lot development cost for estate (\$'000)
2007-08	4,080	2,720	6,800	6,800
2008-09	5,025	3,350	8,375	15,175
2009-10	3,825	2,550	6,375	21,550
2010-11	5,025	3,350	8,375	29,925
2011-12	3,825	2,550	6,375	36,300
2012-13	3,825	2,550	6,375	42,675
2013-14	5,355	3,570	8,925	51,600
2014-15	3,825	2,550	6,375	57,975
2015-16	3,315	2,210	5,525	63,500
Total	38,100	25,400	63,500	63,500

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

It is estimated that 60% of the gross labour costs for lot development will be spent in the Shoalhaven area, once superannuation, workers' compensation insurance and PAYG tax have been deducted from the gross amount. Of the 40% gross material costs for lot development, it is estimated that 20% average margin on lot development materials costs will be spent in the region.

Table 7.1.2 below sets the estimated net amounts from lot development labour and materials inputs costs spent directly in the Shoalhaven regional economy as a result of the development.

Table 7.1.2

Predicted net labour and materials input costs spent in regional economy from lot production on the LPG Golf Course estate

Year	Annual direct det labour regional spend at 60% of gross cost (\$'000)	Direct net materials spend in region at 20% of gross cost (\$'000)	Total annual direct lot development cost spend in region (\$'000)	Total cumulative direct lot development cost spend in region (\$'000)
2007-08	2,448	544	2,992	2,992
2008-09	3,015	670	3,685	6,677
2009-10	2,295	510	2,805	9,482
2010-11	3,015	670	3,685	13,167
2011-12	2,295	510	2,805	15,972
2012-13	2,295	510	2,805	18,777
2013-14	3,213	714	3,927	22,704
2014-15	2,295	510	2,805	25,509
2015-16	1,989	442	2,431	27,940
Total	22,860	5,080	27,940	27,940

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

7.2 Regional benefits from dwelling construction

LPG estimate that gross labour costs will make up 40% of dwelling construction costs, with gross materials costs comprising the remaining 60%.

Table 7.2.1 below sets the estimated gross dwelling construction costs for building on normal lots, golf course lots and medium density lots within the Estate development. This table does **not** include construction costs for the future golf course resort development.

Dwelling construction is planned to commence one year after lot development and should be completed one year after lot development ceases.

Table 7.2.1**Predicted gross dwelling construction costs for the LPG Golf Course estate**

Year	Gross labour cost at 40% of total dwelling development cost (\$'000)	Gross materials cost at 60% of total dwelling development cost (\$'000)	Total annual dwelling development cost for estate (\$'000)	Total cumulative dwelling development cost for estate (\$'000)
2007-08	-	-	-	-
2008-09	7,352	11,028	18,380	18,380
2009-10	4,080	6,120	10,200	28,580
2010-11	7,080	10,620	17,700	46,280
2011-12	5,168	7,752	12,920	59,200
2012-13	5,100	7,650	12,750	71,950
2013-14	5,100	7,650	12,750	84,700
2014-15	6,732	10,098	16,830	101,530
2015-16	5,100	7,650	12,750	114,280
2016-17	4,556	6,834	11,390	125,670
Total	50,268	75,402	125,670	125,670

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

It is estimated that 60% of the gross labour costs for dwelling construction will be spent in the Shoalhaven area, once superannuation, workers' compensation insurance and PAYG tax have been deducted from the gross amount.

LPG estimates that 70% of the gross materials costs for dwelling construction will be spent in the Shoalhaven region. Shoalhaven City has a number of brickworks and sawmills, with bricks, trusses and frames being manufactured locally at many locations. C&M Tiles and Pavers, a leading NSW supplier, have their factory located in the South Nowra Industrial Estate. The South Nowra Industrial Estate also contains a considerable number of suppliers to the housing and construction industries. As local builders will be used for dwelling construction on the LPG development, it is likely that they will source as much construction material as possible through local suppliers and manufacturers, particularly given the distance of Sussex Inlet from Sydney.

Table 7.2.2 below sets the estimated net amounts from dwelling construction labour and materials inputs costs spent directly in the Shoalhaven regional economy as a result of the LPG development.

Table 7.2.2**Predicted net dwelling construction costs spent in region**

Year	Net direct labour spend 60% of gross dwelling construction labour cost (\$'000)	Net direct materials spend at 70% of gross dwelling materials cost (\$'000)	Total annual direct annual spend from dwelling construction (\$'000)	Total cumulative direct spend from dwelling construction for estate (\$'000)
2007-08	-	-	-	-
2008-09	4,411	7,720	12,131	12,131
2009-10	2,448	4,284	6,732	18,863
2010-11	4,248	7,434	11,682	30,545
2011-12	3,101	5,426	8,527	39,072
2012-13	3,060	5,355	8,415	47,487
2013-14	3,060	5,355	8,415	55,902
2014-15	4,039	7,069	11,108	67,010
2015-16	3,060	5,355	8,415	75,425
2016-17	2,734	4,784	7,517	82,942
Total	30,161	52,782	82,942	82,942

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

7.3 Regional benefits from golf course redevelopment

LPG estimate that gross labour costs will comprise 75% of golf course redevelopment costs, with material costs making up the other 25%.

Table 7.3.1 below sets the estimated gross golf course redevelopment labour and materials inputs costs.

Table 7.3.1**Predicted gross labour and materials input costs for the golf course redevelopment**

Year	Gross labour cost at 75% of total golf course redevelopment costs (\$'000)	Gross materials cost at 25% of total golf course redevelopment costs (\$'000)	Total annual golf course redevelopment costs (\$'000)	Total cumulative golf course redevelopment costs (\$'000)
2007-08	1,500	500	2,000	2,000
2008-09	600	200	800	2,800
2009-10	300	100	400	3,200
Total	2,400	800	3,200	3,200

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

It is estimated that 60% of the gross labour costs for the golf course redevelopment will be spent in the Shoalhaven area, once superannuation, workers' compensation insurance and PAYG tax have been deducted from the gross amount.

LPG estimates that 70% of the gross materials costs for the golf course redevelopment will also be spent in the Shoalhaven region. Most of these materials, including soils, sand, turf, bricks, pavers and timber materials are manufactured and will be sourced locally given the distance of Sussex Inlet from Sydney.

Table 7.3.2 below sets the estimated net amounts from golf course redevelopment labour and materials inputs costs spent directly in the Shoalhaven regional economy as a result of the LPG development.

Table 7.3.2

Predicted net direct labour and materials spend in regional economy from the golf course redevelopment

Year	Net direct labour spend at 60% of golf course redevelopment labour costs (\$'000)	Net direct materials spend at 70% golf course redevelopment materials costs (\$'000)	Total annual net labour and materials spend in region from golf course (\$'000)	Total cumulative net labour and materials spend in region from golf course (\$'000)
2007-08	900	350	1,250	1,250
2008-09	360	140	500	1,750
2009-10	180	70	250	2,000
Total	1,440	560	2,000	2,000

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

7.4 Regional benefits from new golf clubhouse construction

LPG estimate that gross labour costs will comprise 50% of total costs of the new golf clubhouse construction costs, with material costs making up the other 50%.

Table 7.4.1 below sets the estimated gross golf course clubhouse labour and materials inputs costs.

Table 7.4.1**Predicted gross labour and materials input costs for the new golf clubhouse construction**

Year	Gross labour cost at 50% of total clubhouse construction costs (\$'000)	Gross materials at 50% of total new clubhouse construction costs (\$'000)	Total annual new golf clubhouse construction costs (\$'000)	Total cumulative new clubhouse construction costs (\$'000)
2007-08	-	-	-	-
2008-09	800	800	1,600	1,600
Total	800	800	1,600	1,600

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

It is estimated that 60% of the gross labour costs for the new golf clubhouse construction will be spent in the Shoalhaven area, once superannuation, workers' compensation insurance and PAYG tax have been deducted from the gross amount.

LPG estimates that 70% of the gross materials costs for the new golf clubhouse construction will also be spent in the Shoalhaven region.

Table 7.4.2 below sets the estimated net amounts from the new golf clubhouse construction labour and materials inputs costs spent directly in the Shoalhaven regional economy as a result of the LPG development.

Table 7.4.2**Predicted annual net direct labour and materials spend in regional economy from the new golf clubhouse construction**

Year	Net direct labour spend at 60% of gross labour construction costs (\$'000)	Net direct materials spend at 70% of gross clubhouse construction material costs (\$'000)	Total annual net labour and materials spend from golf clubhouse construction (\$'000)	Total cumulative net labour and materials spend from clubhouse construction (\$'000)
2007-08	-	-	-	-
2008-09	480	560	1,040	1,040
Total	480	560	1,040	1,040

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

8.0 ESTIMATION OF REGIONAL ECONOMIC BENEFITS GENERATED BY NEW ESTATE HOME OWNERS

The predicted regional economic benefits generated by new home owners in the LPG golf course development assessed in this economic analysis have also been estimated in discussion with Mr. Ralph Lucas and the Site Manager of the Anchorage apartment complex in Sussex Inlet. They are supported by the Tourism Manager at Shoalhaven City Council and from discussions with several local business owners in Sussex Inlet.

The coming generation of “baby boomer” retirees will generally be more financially secure than retirees of previous generations. Workplace superannuation has been compulsory since the Hawke Federal Labor Government introduced it in the late 1980’s and the percentage of women working in full or part time positions has consistently increased over recent years. In addition, retiring home owners from Sydney have experienced consistent increases in the value of their properties over the last 40 years and should gain a substantial tax free profit from the eventual sale of their city residences.

Modern day retirees are generally healthier and fitter than retirees of previous generations and are more likely to continue playing sports such as sailing, tennis and golf. The proposed LPG estate, with its high quality 18 hole golf course and proximity to St. George’s Basin, should attract retirees aiming at a more active lifestyle.

LPG’s previous experience indicates that 85% of the home sites on the Golf Course Estate will be purchased by Sydney buyers with the balance taken up from buyers from the South Coast and Canberra.

Table 8.0.1 below sets out predicted annual dwelling construction in the LPG Golf Course Estate.

Table 8.0.1

Predicted annual dwelling construction in the LPG Golf Course estate

Year	House and land packages (golf and normal lots)	Vacant lot sales (houses built within 3 years)	Medium density dwellings	Total dwellings
2007-08	-	-	-	-
2008-09	64	-	50	114
2009-10	60	-	-	60
2010-11	60	-	50	110
2011-12	60	16	-	76
2012-13	60	15	-	75
2013-14	60	15	-	75
2014-15	84	15	-	99
2015-16	60	15	-	75
2016-17	52	15		67
Total	560	91	100	751

Source: “Sussex Inlet Development Worksheet” dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 8.0.2 below sets out the initial establishment of permanent resident home owners in the estate, based on LPG's estimation that 50% of initial dwelling sales will be to permanent new residents coming to live in the LPG Golf Course Estate. It is assumed that these new permanent residents will all be retiree couples.

Table 8.0.2

Predicted initial permanent resident home owner settlement in the estate

Year	To house and land packages (golf and normal lots)	To vacant lots (with houses built within 3 years)	To medium density dwellings	Annual total to all dwellings	Cumulative total to all dwellings
2007-08	-	-	-	-	-
2008-09	32	-	25	57	57
2009-10	30	-	-	30	87
2010-11	30	-	25	55	142
2011-12	30	8	-	38	180
2012-13	30	8	-	38	218
2013-14	30	7	-	37	255
2014-15	42	8	-	50	305
2015-16	30	7	-	37	342
2016-17	26	8		34	376
Total	280	46	50	376	376

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

The other 50% of dwelling sales will be made to holidayers/weekenders who tend to visit the Sussex Inlet area several times each year and generally retire in Sussex Inlet after retirement. Table 8.0.3 below sets out the initial purchases of holidayer/weekender home owners in the estate.

Table 8.0.3**Predicted initial purchases by holidayer/weekender home owners in the estate**

Year	To house and land packages (golf and normal lots)	To vacant lots (with houses built within 3 years)	To medium density dwellings	Annual total to all dwellings	Cumulative total to all dwellings
2007-08	-	-	-	-	-
2008-09	32	-	25	57	57
2009-10	30	-	-	30	87
2010-11	30	-	25	55	142
2011-12	30	8	-	38	180
2012-13	30	8	-	38	218
2013-14	30	7	-	37	255
2014-15	42	8	-	50	305
2015-16	30	7	-	37	342
2016-17	26	8	-	34	376
Total	280	46	50	376	376

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

In previous Sussex Inlet developments undertaken by LPG, initial holidayer/weekender home purchasers over time tend to become permanent residents as they retire to Sussex Inlet. This changeover on average occurs at about 5% per annum. It has been assumed that the same pattern will occur in the Golf Course estate development and Table 8.0.4 below sets out the predicted changeover from initial holidayer/weekender home owners to permanent residents and the resulting final permanent resident estimate. All "change overs" to permanent residents are assumed to be retiree couples.

Table 8.0.4**Predicted final permanent resident home owner settlement in the estate**

Year	Initial permanent resident couples	Plus change over retiree couples	Final new annual total permanents	Final new Cumulative total
2007-08	-	-	-	-
2008-09	57	3	60	60
2009-10	30	4	34	94
2010-11	55	7	62	156
2011-12	38	9	47	203
2012-13	38	11	49	252
2013-14	37	13	50	302
2014-15	50	15	65	367
2015-16	37	17	54	421
2016-17	34	19	53	474
Total	376	98	474	474

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 8.0.5 below sets out the predicted changeover from initial holidayer/weekender home owners to permanent residents and the resulting final holidayer/weekender home owner estimate.

Table 8.0.5

Predicted final holidayer/weekender home ownership in the estate

Year	Initial holidayer weekender home ownership in estate	Less changeovers to retiree couples	Final new annual holidayer weekender ownership	Final new Cumulative total
2007-08	-	-	-	-
2008-09	57	(3)	54	54
2009-10	30	(4)	26	80
2010-11	55	(7)	48	128
2011-12	38	(9)	29	157
2012-13	38	(11)	27	184
2013-14	37	(13)	24	208
2014-15	50	(15)	35	243
2015-16	37	(17)	20	263
2016-17	34	(19)	15	278
Total	376	(98)	278	278

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

8.1 Regional benefits from new estate home owners

It is estimated that new permanent resident home owner couples will spend at least \$500 per week in the Sussex Inlet area, comprising:

- Groceries - \$250
- Entertainment (including golf) - \$150
- Boating, bait and fuel - \$50, and
- Medical and pharmacy - \$50

Boat ownership is a strong characteristic of Sussex Inlet residents. Commercial fishing has been banned from St. George's Basin and fish stocks are recovering strongly as a result. Sussex Inlet originated as a fishing village and runs a very successful annual fishing tournament each July.

Total local spending in the Sussex Inlet by permanent resident couples is estimated at \$25,000 per annum in constant terms.

This amount does not include rate payments to Shoalhaven City Council. Increased rate payment spending is addressed separately in this report.

Table 8.1.1 below sets out the estimated cumulative local spend in the Sussex Inlet area by new permanent resident home owners who will settle in the LPG estate.

Table 8.1.1

Predicted local spend by final permanent resident home owners in the estate

Year	Final cumulative new permanent resident home owner couples	Annual local spend at \$25,000 per new resident couple (\$'000)	Cumulative local spend from new resident couples (\$'000)
2007-08	-	-	-
2008-09	60	1,496	1,496
2009-10	94	2,355	3,851
2010-11	156	3,908	7,759
2011-12	203	5,083	12,842
2012-13	252	6,292	19,134
2013-14	302	7,548	26,682
2014-15	367	9,166	35,848
2015-16	421	10,531	46,379
2016-17	474	11,838	58,217
Total	474	58,217	

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

New holidayer/weekender home owners in the estate have a different spending pattern from permanent residents. The average holidayer/weekender owner tends to visit Sussex Inlet between 6 and 8 times per annum. Such visitors can spend \$1,000 as a couple or family over an extended weekend stay and \$4,000 over an extended summer holiday in Sussex Inlet.

Total annual local spending in the Sussex Inlet by holidayer/weekender family groups is estimated at half the annual spend of permanent resident couples, at \$13,000 per annum in constant terms.

Again, this amount does not include additional rate payments to Shoalhaven City Council, which is addressed separately in this report.

Table 8.1.2 below sets out the estimated cumulative local spend in the Sussex Inlet area by new holidayer/weekender home owners who will purchase house and land packages in the LPG estate.

Table 8.1.2**Predicted annual local spend by all new home owners in the estate**

Year	Final cumulative new holidayer weekender home owners	Annual local spend at \$13,000 per new holidayer weekender home owner (\$'000)	Cumulative local spend from new holidayer weekender home owners (\$'000)
2007-08	-	-	-
2008-09	54	704	704
2009-10	80	1,037	1,741
2010-11	128	1,660	3,401
2011-12	157	2,037	5,438
2012-13	184	2,383	7,821
2013-14	208	2,705	10,526
2014-15	243	3,151	13,677
2015-16	263	4,416	18,093
2016-17	278	3,607	21,700
Total	278	21,700	

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 8.1.3 sets out combined estimated annual local spend from all new homeowners in the LPG estate

Table 8.1.3**Predicted combined annual local spend by all home owners in the estate**

Year	Annual local spend at \$25,000 per new resident couple (\$'000)	Annual local spend at \$13,000 per new holidayer weekender owner (\$'000)	Combined annual local spend from all new home owners in estate (\$'000)
2007-08	-	-	-
2008-09	1,496	704	2,200
2009-10	2,355	1,037	3,392
2010-11	3,908	1,660	5,568
2011-12	5,083	2,037	7,120
2012-13	6,292	2,383	8,675
2013-14	7,548	2,705	10,253
2014-15	9,166	3,151	12,317
2015-16	10,531	4,416	13,947
2016-17	11,838	3,607	15,445
Total	58,217	21,700	79,917

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 8.1.4 sets out the cumulative combined estimated local spend from all new homeowners in the LPG estate

Table 8.1.4

Predicted cumulative local spend by all home owners in the estate

Year	Cumulative local spend from new resident couples (\$'000)	Cumulative local spend from new holidayer weekender home owners (\$'000)	Combined cumulative local spend from all new home owners in estate (\$'000)
2007-08	-	-	-
2008-09	1,496	704	2,200
2009-10	3,851	1,741	5,592
2010-11	7,759	3,401	11,160
2011-12	12,842	5,438	18,280
2012-13	19,134	7,821	26,955
2013-14	26,682	10,526	37,208
2014-15	35,848	13,677	49,525
2015-16	46,379	18,093	64,472
2016-17	58,217	21,700	79,917

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

9.0 ESTIMATION OF REGIONAL ECONOMIC BENEFITS GENERATED BY PROPOSED GOLF RESORT

The indicative regional economic benefits that could generated by a future resort development on the LPG golf course estate development assessed in this study begin with labour components and construction material inputs contributed to the resort construction which would be spent directly within the Shoalhaven region.

These benefits have been derived in discussion with Mr. Ralph Lucas. It should be noted that no plans have been seen for this future development and no contracts have been let. The benefits derived are only conjectural at this stage.

It is envisaged that 100 new tourist apartments will be built in the resort, with 50 apartments built in Year 4 and the remaining 50 built in Year 5. Estimated construction cost for each new apartment is \$100,000 in constant dollars. Construction will cost \$5 million in Year 4 and another \$5 million in Year 5.

9.1 Regional benefits from new tourist apartment construction

LPG estimate that gross labour costs will comprise 40% of total costs of the new resort apartment golf clubhouse construction costs, with material costs making up the other 60%.

Table 9.1.1 below sets the estimated gross resort apartment construction labour and materials inputs costs.

Table 9.1.1

Indicative gross labour and materials input costs for new resort apartment construction

Year	Gross labour cost at 40% of total apartment construction costs (\$'000)	Gross materials at 60% of total resort apartment construction costs (\$'000)	Total annual new resort apartment construction costs (\$'000)	Total cumulative new apartment construction costs (\$'000)
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	2,000	3,000	5,000	5,000
2011-12	2,000	3,000	5,000	10,000
Total	4,000	6,000	10,000	

Source: Discussions with Mr. Ralph Lucas, Lucas Property Group, March 2007 and spreadsheets, Appendix A

It is estimated that 60% of the gross labour costs for the new resort apartment construction will be spent in the Shoalhaven area, once superannuation, workers' compensation insurance and PAYG tax have been deducted from the gross amount.

It is also estimated that 70% of the gross materials costs for the new resort apartment construction will be spent in the Shoalhaven region.

Table 9.1.2 below sets the indicative estimated net amounts from the new resort apartment construction labour and materials input costs that could be spent directly in the Shoalhaven regional economy as a result of the LPG development.

Table 9.1.2

Predicted indicative annual net direct labour and materials spend in regional economy from the new resort apartment construction

Year	Net direct labour spend at 60% of gross labour construction costs (\$'000)	Net direct materials spend at 70% of gross material costs (\$'000)	Total annual net labour and materials spend from resort apartment construction (\$'000)	Total cumulative net labour and materials spend from resort apartment construction (\$'000)
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	1,200	2,100	3,300	3,300
2011-12	1,200	2,100	3,300	6,600
Total	2,400	4,200	6,600	

Source: Discussions with Mr. Ralph Lucas, Lucas Property Group, March 2007 and spreadsheets, Appendix A

9.2 Regional benefits from tourist activity in new resort

Indicative estimates only have been derived for the future level of tourism turnover from the proposed new resort. While considered reasonable, they may be well short of what a high quality golf course resort could achieve at Sussex Inlet.

It is reasonable that a golf course resort would cater for both upper market golfing holidays and “mini-breaks” as well as seminar and conference business. The proposed location of the resort on the golf course, overlooking St. George’s Basin, is attractive.

The NSW seminar and conference business has grown dramatically in recent years. Discussions with staff at the Crown Plaza at Terrigal indicate that they cater for an annual average of more than 300 seminars and conferences, or more than one every weekday of the year. Clients include the private sector, business and industry associations as well as local, state and federal government agencies. Often, a number of seminars and conferences are conducted at the Crown Plaza simultaneously, in different function rooms at the venue.

Many of these seminars and conferences last for several days, with “get together” functions held for attendees and their partners, including golf. The location of a future Sussex Inlet resort in the middle of a high quality golf course would be ideal for such business.

There are a number of centres catering for the seminar and conference business to the north of Sydney but few to the south, apart from the North Beach Novotel at Wollongong. A future golf course resort at Sussex Inlet would be within 3 hours drive of central Sydney and within easy reach of Canberra.

It would be located in a scenic area and road access from Sydney and the ACT to the Shoalhaven is being improved constantly. As the resort would be located in a lesser known coastal area, it may also be attractive for seminar and conference organisers “looking for somewhere different”. Organisers of regular events such as annual conferences face the challenge of finding new venues so that attendees will not become bored with the “same old spot”.

Table 9.2.1 below sets the estimated gross resort apartment tourism turnover and associated labour and consumables input costs.

Table 9.2.1

Indicative tourism turnover and gross labour and consumables input costs for new resort

Year	Indicative annual tourism turnover from new resort (\$'000)	Gross labour cost at 50% of total resort turnover (\$'000)	Gross consumables at 30% of total resort turnover (\$'000)
2007-08	-	-	-
2008-09	-	-	-
2009-10	-	-	-
2010-11	-	-	-
2011-12	2,000	1,000	600
2012-13	3,000	1,500	900
2013-14	3,500	1,750	1,050
2014-15	4,000	2,000	1,200
2015-16	4,500	2,250	1,350
2016-17	5,000	2,500	1,500
Total	22,000	11,000	6,600

Source: Discussions with Mr. Ralph Lucas, Lucas Property Group, March 2007 and spreadsheets, Appendix A

It is estimated that 50% of the gross labour costs for the new resort operation would be spent in the Shoalhaven area, once superannuation, workers' compensation insurance and PAYG tax have been deducted from the gross amount. This is a lesser percentage than for estate development and construction labour costs, as staff working in a resort would be employed in a more structured way and staff oncosts would tend to be higher.

It is also estimated that 25% margin on the gross consumables and materials costs for the new resort operation would be spent in the Shoalhaven region. Table 9.2.2 below sets the indicative estimated net amounts from the new resort operations labour and materials input costs that could be spent directly in the Shoalhaven regional economy.

Table 9.2.2

Indicative net tourism labour and consumables input costs directly spent in region from new resort operations

Year	Net labour cost spend in region at 50% of gross costs (\$'000)	Net consumables margin spend in region at 25% of gross costs (\$'000)	Total annual net labour and consumables spend in region (\$'000)	Cumulative net labour and consumables spend in region (\$'000)
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	-	-	-	-
2010-11	-	-	-	-
2011-12	500	150	650	650
2012-13	750	225	975	1,625
2013-14	875	263	1,138	2,763
2014-15	1,000	300	1,300	4,063
2015-16	1,125	337	1,462	5,525
2016-17	1,250	375	1,625	7,150
Total	5,500	1,650	7,150	

Source: Discussions with Mr. Ralph Lucas, Lucas Property Group, March 2007 and spreadsheets, Appendix A

10.0 ESTIMATION OF REGIONAL ECONOMIC BENEFITS GENERATED FROM LOCAL SALES

LPG estimate that 80% of normal and golf course lots sales will be for house and land packages, with the remaining 20% of sales land only. Estimated average sales prices for the various final products being marketed from the Estate, in constant dollars, are as follows:

- Normal lots - \$195,000
- Golf course lots - \$260,000
- Medium density lots - \$70,000
- Normal lot house and land packages - \$370,000
- Golf course house and land packages - \$500,000, and
- Medium density land and dwelling package - \$270,000

It is estimated that 20% of the house and land packages and 5% of the land only sales will be sold by local estate agents in the Shoalhaven region. LPG pays 3.5% commission for local sales and 0.25% for local advertising.

10.1 Regional benefits from estate house and land package sales

Based on the assumption that the LPG development will be approved in the near future, lot production will commence in 2007-08 as set out in Table 5.2.1 and lot sales should follow as set out in Table 10.1.1 below.

Table 10.1.1

Predicted annual lot sales for the LPG Golf Course estate

Year	Normal lots	Golf course lots	Medium density lots	Total lots
2007-08	-	-	-	-
2008-09	50	30	-	80
2009-10	45	30	50	125
2010-11	45	30	-	75
2011-12	45	30	50	125
2012-13	45	30	-	75
2013-14	45	30	-	75
2014-15	45	60	-	105
2015-16	45	30	-	75
2016-17	5	60	-	65
Total	370	330	100	800

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

House and land package sales are estimated as set out in Table 10.1.2 below and are based on 80% of lot sales with a one year lag effect.

Table 10.1.2

Predicted annual house and land package sales for the LPG Golf Course estate

Year	Normal lots (house & land)	Golf course lots (house & land)	Medium density (house & land)	Total (house/land)
2007-08	-	-	-	-
2008-09	-	-	-	-
2009-10	40	24	-	64
2010-11	36	24	50	110
2011-12	36	24	-	60
2012-13	36	24	50	110
2013-14	36	24	-	60
2014-15	36	24	-	60
2015-16	36	48	-	84
2016-17	36	24	-	60
Total	292	216	100	608

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 10.1.3 below sets out estimated gross sales revenue for these house and land package sales, in constant dollars.

Table 10.1.3

Estimated house and land package sales revenue for the LPG Golf Course estate

Year	Normal lots (house & land) @ \$370,000 (\$'000)	Golf course lots (house & land) @ \$500,000 (\$'000)	Medium density (house & land) @ \$270,000 (\$'000)	Total (house/land) (\$'000)
2009-10	14,800	12,000	-	26,800
2010-11	13,320	12,000	13,500	38,820
2011-12	13,320	12,000	-	25,320
2012-13	13,320	12,000	13,500	38,820
2013-14	13,320	12,000	-	25,320
2014-15	13,320	12,000	-	25,320
2015-16	13,320	24,000	-	37,320
2016-17	13,320	12,000	-	25,320
Total	108,040	108,000	27,000	243,040

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 10.1.4 below sets out the estimated gross sales and advertising revenue payable in the region for house and land package sales, based on 20% of the house and land packages being sold by local estate agents in the Shoalhaven region at 3.5% commission for local sales and 0.25% for local advertising.

Table 10.1.4

Estimated house and land package local selling expenses payable

Year	Total sales (house/land) (\$'000)	Commission at 3.5% for 20% sales (\$'000)	Advertising at 0.025% for 20% sales (\$'000)	Total payable on local sales (\$'000)
2009-10	26,800	188	13	201
2010-11	38,820	272	19	291
2011-12	25,320	177	13	190
2012-13	38,820	272	19	291
2013-14	25,320	177	13	190
2014-15	25,320	177	13	190
2015-16	37,320	261	19	280
2016-17	25,320	177	13	190
Total	243,040	1,701	122	1,823

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

10.2 Regional benefits from estate land only sales

Based on the assumption that the LPG development will be approved in the near future, lot production will commence in 2007-08 as set out in Table 5.2.1, with land only sales to follow as set out in Table 10.2.1 below.

Table 10.2.1

Predicted annual land only sales for the LPG Golf Course estate

Year	Normal lots	Golf course lots	Medium density lots	Total lots
2007-08	-	-	-	-
2008-09	10	6	-	16
2009-10	9	6	10	25
2010-11	9	6	-	15
2011-12	9	6	10	25
2012-13	9	6	-	15
2013-14	9	6	-	15
2014-15	9	12	-	21
2015-16	9	6	-	15
2016-17	1	12	-	13
Total	74	66	20	160

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 10.2.2 below sets out estimated gross sales revenue for these land only sales, in constant dollars.

Table 10.2.2

Estimated land only sales revenue for the LPG Golf Course estate

Year	Normal lots (land only) @ \$195,000 (\$'000)	Golf course lots (land only) @ \$260,000 (\$'000)	Medium density (land only) @ \$70,000 (\$'000)	Total sales (land only) (\$'000)
2008-09	1,950	-	-	1,950
2009-10	1,755	1,560	-	3,315
2010-11	1,755	1,560	700	4,015
2011-12	1,755	1,560	-	3,315
2012-13	1,755	1,560	700	4,015
2013-14	1,755	1,560	-	3,315
2014-15	1,755	3,120	-	4,875
2015-16	1,755	1,560	-	3,315
2016-17	195	3,120	-	3,315
Total	14,430	15,600	1,400	31,430

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 10.2.3 below sets out the estimated gross sales and advertising revenue payable in the region for land only sales, based on 5% of the land only sales being made by local estate agents in the Shoalhaven region at 3.5% commission for local sales and 0.25% for local advertising.

Table 10.2.3

Estimated local selling expenses payable on land only sales

Year	Total sales (land only) (\$'000)	Commission at 3.5% for 5% sales (\$'000)	Advertising at 0.025% for 5% sales (\$'000)	Total payable on local sales (\$'000)
2008-09	1,950	6	-	6
2009-10	3,315	7	1	8
2010-11	4,015	6	-	6
2011-12	3,315	7	1	8
2012-13	4,015	6	-	6
2013-14	3,315	6	-	6
2014-15	4,875	9	1	10
2015-16	3,315	6	-	6
2016-17	3,315	6	-	6
Total	31,430	59	3	62

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 10.2.4 below sets out the total selling expenses payable within the Shoalhaven region for land sales only and house and land packages for the LPG estate in constant dollars.

Table 10.2.4

Estimated local selling expenses payable on all estate sales

Year	Total payable on local sales (\$'000)	Total payable on land only sales (\$'000)	Total payable on all local sales (\$'000)
2008-09	-	6	6
2009-10	201	8	209
2010-11	291	6	297
2011-12	190	8	198
2012-13	291	6	297
2013-14	190	6	196
2014-15	190	10	200
2015-16	280	6	286
2016-17	190	6	196
Total	1,823	62	1,885

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

11.0 ESTIMATION OF ADDITIONAL NET RATE REVENUE TO COUNCIL FROM THE ESTATE DEVELOPMENT

Table 11.0.1 below sets out estimated annual lot production for the estate.

Table 11.0.1

Estimated annual lot production for the LPG Golf Course estate

Year	Normal lots	Golf course lots	Medium density lots	Total lots
2007-08	50	30	-	80
2008-09	45	30	50	125
2009-10	45	30	-	75
2010-11	45	30	50	125
2011-12	45	30	-	75
2012-13	45	30	-	75
2013-14	45	60	-	105
2014-15	45	30	-	75
2015-16	5	60	-	65
Total	370	330	100	800

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

Table 11.0.2 below shows cumulative predicted lot production for the estate.

Table 11.0.2

Estimated cumulative lot production for the LPG Golf Course estate

Year	Normal lots	Golf course lots	Medium density lots	Total lots
2007-08	50	30	-	80
2008-09	95	60	50	205
2009-10	140	90	50	280
2010-11	185	120	100	405
2011-12	230	150	100	480
2012-13	275	180	100	555
2013-14	320	240	100	660
2014-15	365	270	100	735
2015-16	370	330	100	800

Source: "Sussex Inlet Development Worksheet" dated 5th March 2007, Lucas Property Group and spreadsheets, Appendix A

LPG estimates that annual council rates will average \$1,250 for all lots after lot creation and release of linen plan. This amount includes water supply and sewerage rates paid to Shoalhaven Water, a Council business unit, which is the local water supply authority.

Table 11.0.3 below shows the additional net rate revenue payable to Council on the new lots created in the estate and the cumulative additional rate revenue payable over the 10 year analysis period.

Table 11.0.3

Estimated net additional rate revenue paid to Council from the estate development

Year	cumulative lots generated	Gross extra rate revenue at \$1,250 per lot (\$'000)	Less rates paid to Council on englobo land (\$'000)	Net extra rate revenue at \$1,250 per lot (\$'000)	Cumulative net extra rate revenue (\$'000)
2007-08	80	100	(7)	93	93
2008-09	205	257	(7)	250	343
2009-10	280	350	(7)	343	686
2010-11	405	506	(7)	499	1,185
2011-12	480	600	(8)	592	1,777
2012-13	555	694	(8)	686	2,463
2013-14	660	825	(9)	816	3,279
2014-15	735	919	(9)	909	4,188
2015-16	800	1,000	(10)	990	5,178
2016-17	800	1,000	(11)	989	6,167

Source: Advice from Lucas Property Group, March 2007 and spreadsheets, Appendix A

12.0 COMBINED ESTIMATE OF ALL DIRECT SPEND IN SHOALHAVEN ECONOMY FROM PROJECT

Table 12.0.1 below shows the estimated total construction costs of the development and construction phases of the LPG project over the 10 year analysis period.

Table 12.0.1

Total estimated cost of estate development and construction phases

Year	Lot creation (\$'000)	Golf course (\$'000)	Dwellings (\$'000)	Resort apartments (\$'000)	Annual total (\$'000)
2007-08	6,800	2,000	-	-	8,800
2008-09	8,375	2,400	18,380	-	29,155
2009-10	6,375	400	10,200	-	16,975
2010-11	8,375	-	17,700	5,000	31,075
2011-12	6,375	-	12,920	5,000	24,295
2012-13	6,375	-	12,750	-	19,125
2013-14	8,925	-	12,750	-	21,675
2014-15	6,375	-	16,830	-	23,205
2015-16	5,525	-	12,750	-	18,275
2016-17	-	-	11,390	-	11,390
Total	63,500	4,800	125,670	10,000	203,970

Source: Advice from Lucas Property Group, March 2007 and spreadsheets, Appendix A

Table 12.0.2 below shows the estimated additional net spend in the Shoalhaven economy from the development and construction phases of the LPG project, in constant dollars.

Table 12.0.2

Estimated net additional direct regional spend from estate development and construction phases

Year	Lot creation net spend (\$'000)	Golf course net spend (\$'000)	Dwelling net spend (\$'000)	Resort apartment net spend (\$'000)	Annual total construction net spend (\$'000)
2007-08	2,992	1,250	-	-	4,242
2008-09	3,685	1,060	12,131	-	16,876
2009-10	2,805	250	6,732	-	9,787
2010-11	3,685	-	11,682	3,300	18,667
2011-12	2,805	-	8,527	3,300	14,632
2012-13	2,805	-	8,415	-	11,220
2013-14	3,927	-	8,415	-	12,342
2014-15	2,805	-	11,108	-	13,913
2015-16	2,431	-	8,415	-	10,846
2016-17	-	-	7,517	-	7,517
Total	27,940	2,560	82,942	6,600	120,042

Source: Advice from Lucas Property Group, March 2007 and spreadsheets, Appendix A

Table 12.0.3 below shows the estimated additional net spend in the Shoalhaven economy from local estate selling expenses, spending by new home owners, resort operating costs and increased net rate revenue payable to Shoalhaven City Council, in constant 2007 dollars.

Table 12.0.3

Estimated other net additional direct regional spend arising from the project

Year	Selling expenses net spend (\$'000)	Net extra rate revenue (\$'000)	New home owners net spend (\$'000)	Resort operations net spend (\$'000)	Annual total other regional net spend (\$'000)
2007-08	-	93	-	-	93
2008-09	6	250	2,200	-	2,456
2009-10	209	343	3,392	-	3,944
2010-11	297	499	5,568	-	6,364
2011-12	198	592	7,120	650	8,559
2012-13	297	686	8,675	975	10,633
2013-14	196	816	10,253	1,138	12,403
2014-15	200	909	12,317	1,300	14,725
2015-16	286	990	13,947	1,463	16,686
2016-17	196	989	15,445	1,624	18,256
Total	1,885	6,167	78,917	7,150	94,120

Source: Advice from Lucas Property Group, March 2007 and spreadsheets, Appendix A

13.0 ECONOMIC MULTIPLIERS WITHIN THE SHOALHAVEN REGIONAL ECONOMY

The information set out in Sections 5.0 to 12.0 above provides best available estimates of the direct impacts from the proposed development on the Shoalhaven regional economy.

This section considers the indirect flow-on effects of the direct regional expenditure estimated from the proposed development. Indirect effects are obtained by using regional economic multipliers to identify the potential effects of a major change, like the proposed LPG development, to the region's economy. These measures estimate the change in output, income and employment resulting from an initial change in spending.

The range of multipliers is derived from input-output tables. To undertake a full regional input-output analysis of the total effect of the proposed development over the ten year timeframe is beyond the scope of this assignment. Rather, multipliers have been drawn from the ABS *Australian National Accounts Input – Output Tables (ABS Publication 5209.0 1997-98)*. The 1997-98 ABS Input-Output tables are the latest available for the Australian construction industry.

13.1 Definition and determination of regional multipliers

Multiplier: the additional activity (measured in dollars) and employment (jobs) in other industries resulting from increased production in a particular type of industry.

Production Induced Multiplier: refers to all the outputs and employment required by other industries to produce the inputs for the subject industry.

Consumption Induced Multiplier: relates to the demand for additional goods and services due to increased spending by wage and salary earners, across all industries arising from employment.

Job Year: refers to one full time job over one year.

There are two types of multipliers:

- 1) Production induced: which is made up of:
 - First round effect, which are all outputs and employment required to produce the inputs for construction, and
 - An industrial support effect which is the induced extra output and employment from all industries to support the production of the first round effect.
- 2) Consumption induced: which relates to the demand for additional goods and services due to increased spending by wage and salary earners across all industries arising from employment generated by the construction activity.

The economic multipliers that can be applied to the proposed LPG development are set out at Table 13.1.1 below. It should be noted that these multipliers relate to a nationwide rather than regional impact. However, these multipliers will provide guidance as to the regional flow on effects of the proposed investment in the project, especially as they are applied only to that part of the estate development and construction investment that is spent locally.

Table 13.1.1

Economic multipliers from construction in the Shoalhaven regional economy

	Initial effects	Production-induced first round effects	Production-induced industrial support effects	Consumption-induced effects	Total multiplier
Output Multipliers	1	0.456	0.425	0.881	2.762

Source: Australian National Accounts Input-Output Tables 1997-98 (5209.0)

The impact of the proposed development to the regional economy, with its estimated direct estate development and construction expenditure of \$120.0 million (see Table 12.0.2 above) and the indirect flow-on effects are set out in Table 13.1.2 below. The table demonstrates that the indirect effects on the regional economy from the proposed development are strong.

The total direct regional development and construction regional spend has been calculated at \$120.0 million in constant 2007 dollars and the resulting indirect flow on effects at \$211.5M. The combined effect of the overall estate development and construction would result in an injection of \$331.5M over the 10 year analysis period into the regional economy.

Table 13.1.2

Direct and indirect impacts of the proposed estate development on the Shoalhaven regional economy (development and construction costs only)

Development	Total development costs (\$'M)	Development cost direct spend in region (\$'M)	Multiplier¹	Indirect expenditure effect in region (\$'M)	Total expenditure effect in region (\$'M)
Lot creation	63.5	27.9	1.762	49.2	77.1
Golf Course	4.8	2.6	1.762	4.6	7.2
Dwellings	125.7	82.9	1.762	146.1	229.0
Resort	10.0	6.6	1.762	11.6	18.2
Total	204.0	120.0		211.5	331.5

13.2 Employment generation from estate development and construction

ABS estimate that one full time construction job for 12 months is created for every \$159,000 of construction work undertaken in Australia (*ABS input-output tables*). Based on an estimated regional direct expenditure of \$120.0 million as set out in Table 13.1.2 above for estate development and construction, the project will directly generate 755 job years. The ABS employment multiplier of 3.11 is then applied to these direct generated job years to calculate resulting indirect employment of 2,348 job years. Total employment, both direct and indirect, from the proposed estate development is 3,103 job years, based on the development and construction estimates used.

It should be noted that the direct regional spend for estate development and construction costs includes \$6.6 million for the proposed resort. At this stage, no concept plan or feasibility studies for the resort are available. Future development, construction and operational costs for the resort may vary from those estimated in this study, depending on the resort developer's concepts and Council approval requirements.

13.2 Other regional benefits from the estate development

As set out in Table 12.0.3 above, estimated other direct regional spending arising from the project over the 10 year analysis period, apart from development and construction costs, is estimated at an undiscounted total of \$94.1 million in constant 2007 dollars.

There would also be indirect flow on effects in the Shoalhaven economy from this additional direct spend, but due to lack of available data, these flow on effects have not been determined.

It should be noted that these additional project benefits will continue on well after the analysis period is finished. Council rate revenue from the new dwellings will continue at an estimated average annual rate of \$1,250 per dwelling in constant 2007 dollars. LPG estimates that an average 5% of holidayer/weekender home owners each year tend to become permanent retirees in their Sussex Inlet developments. This trend should occur in the Golf Course Estate development which will increase the direct spend into the local economy over time.

The Manager of the Anchorage apartment complex in Sussex Inlet advises that maintenance for each new house and apartment would average \$3,000 per annum, comprising \$1,500 for general maintenance and \$1,500 for grounds. Each dwelling would require a repaint at least once every decade, at an estimated \$5,000. Being located close to the ocean, external dwelling maintenance can be a significant requirement in Sussex Inlet.

General household servicing costs from the new estate dwellings, such as appliance repairs and motor vehicle repair and running costs, would also continue to contribute to the local economy. Given the fact that most of the new home owners will become retired permanent residents in the estate, the direct spend in the local economy for medical and pharmacy expenses over time should also increase in real terms.

14.0 CONCLUSIONS

The LPG Golf Course estate development has an estimated total undiscounted development and construction cost of \$204 million over 10 years, in constant 2007 dollars. The estimated direct regional spend from this amount is \$120 million. When ABS construction multipliers of 1.762 are applied to this direct regional spend, the resulting indirect flow on effect is calculated at \$212 million. The total expenditure effect from the estate development and construction costs in the Shoalhaven economy is estimated at \$332 million in constant 2007 dollars.

In addition, additional estimated non-construction direct regional spend from the estate totals \$94 million over 10 years in constant 2007 dollars. These additional non-construction project benefits will continue to contribute to the Shoalhaven economy beyond the 10 year analysis period.

15.0 REFERENCES AND ACKNOWLEDGEMENTS

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