



**Shell Cove
Boat Harbour Precinct**

**Concept Plan Application
and Environmental Assessment
Appendix L - Economic Impact**

prepared by

LFA (Pacific) Pty Ltd

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FINAL REPORT

SHELL COVE BOATHARBOUR | ECONOMIC IMPACT ASSESSMENT

Prepared for Australand

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Executive Summary

Background

1. MacroPlan Australia has been engaged by Australand to undertake an economic and impact assessment of the Shell Cove Boatharbour project, a major residential-tourist development at Shell Cove.
2. This assessment examines the expected expenditure benefit (i.e. construction, resident and tourist expenditure) and employment generated as part of the construction and ongoing operation of the completed Shell Cove project (section 5.1) and the impact from the Boatharbour Project alone (section 5.5).
3. The economic impact is based on the effect the project has on inputs and outputs to the local economy based on a 20 year assessment period.
4. This assessment follows previous work by consultants Coopers and Lybrand in 1995. This assessment found significant expenditure and employment benefits from the proposed Shell Cove project. The estimated expenditure and employment impacts from this study were as follows:
 - Total expenditure impact for construction was estimated at \$111.3 million over a 10 year period. Total expenditure impact for the operational phase of the project was estimated at \$37.7 million per annum.
 - Employment impact was estimated at 1,373 jobs (953 jobs generated from the construction phase and 420 jobs from the operational phase)
5. Differences in methodology between MacroPlan and Coopers and Lybrand are explained in more detail in the methodology section of this report. It is noted that a number of inputs have changed since the 1995 report, including increases in construction costs and labour force dynamics, making direct comparisons difficult.

The proposed development

6. The Shell Cove project is a large scale, masterplanned, urban development located on the New South Wales Coast in the Shellharbour City region.
7. The project comprises development of over 3,000 residential dwellings, a 300 berth boatharbour, 18 hole championship golf course, district retail centre, community facilities and open space networks.
8. This assessment looks generally at the economic impact from the Shell Cove Project and also the economic impact specifically from the Boatharbour Project. The proposed Boatharbour Project includes:
 - A commercial mixed use precinct
 - Business Park campus precinct.
 - Residential housing (apartments, medium density, detached housing)
 - Community facilities
 - Retail
 - Dry stack

- Hotel
9. When completed, the development will include a 4 star hotel with high quality conference facilities. In total 150 hotel rooms will be provided. The hotel will have the ability to accommodate and service large number of visitors to the region for both business and holiday purposes.

Specific assessment assumptions

10. MacroPlan developed particular assumptions about resident and visitor profiles and expenditure patterns to assess the economic impact of the project. Assumptions about length of stay at the hotel were made and applied to Bureau of Tourism Research data on expenditure by overnight holiday and conference visitors.
11. These assumptions were then used to estimate total expenditure per trip at Shell Cove project for visitors including expenditure on other activities and attractions. Details on the specific assessment assumptions used in the calculations of economic and employment impact are provided in more detail in the report.

Assessment results

12. The total economic impact from the Shell Cove project was estimated at \$2.9 billion
13. The proposed Boatharbour precinct will generate:
- Significant new construction industry jobs;
 - Increased visitor expenditure (much of which will be new for Shell Cove);
 - Increased local job opportunities through the provision of a business park.
 - Induced new expenditure and employment in other industries including retail, conferencing, restaurants and tourism.
14. MacroPlan has estimated that the economic impact in Net Present Value (NPV) terms of the Boatharbour precinct project will be \$1.3 billion over a 20 year period from 2007. This comprises of:
- \$959 million in construction and maintenance expenditure
 - \$307 million in residential expenditure from residents living within the Boatharbour precinct
 - \$39 million in tourist expenditure from tourists staying at the hotel
15. It is noted that there will be flow on benefits to the regional and national economy. These secondary effects have not been calculated due to the absence of interregional input-output tables.
16. The Boatharbour project will directly generate over 900 jobs (full time equivalent). This is comprised of the following elements:
- 465 direct jobs on average over 20 years from the construction of the Boatharbour precinct
 - 153 direct ongoing jobs on average over 20 years from maintenance expenditure at the site.
 - 306 jobs on average over 20 years will be created from resident expenditure generated from the Boatharbour residential development on goods and services.
 - 44 jobs will be created from tourist expenditure.

17. In addition, a total of 1,252 jobs will be created from second and third round multiplier expenditure impacts in other industries resulting from the first round of expenditure flowing from construction, residents and visitors to the resort. These jobs would be created in industries supplying the construction, retail and hospitality sector.
18. The breakdowns of employment on a direct and indirect basis and the expenditure impact of construction and visitor activity are provided in the tables below.

Direct	
Construction Employment (p.a.)	465
On-going Maintenance Employment (p.a.)	153
Resident Generated Employment (p.a.)	306
Visitor Generated Employment (p.a.)	44
<i>Direct Employment</i>	969
Indirect	
First Round Effect	291
Industrial Support Effect	209
Consumption Induced Effect	752
<i>Indirect Employment</i>	1,252
Supported Employment	1,249
Total	
<i>Total Employment</i>	3,469

19. The estimate of supported employment of 1,249 is based on the floorspace supplied across the retail, commercial and business park (i.e. campus style office) development. This represents a significant increase in employment for the Shellharbour Municipality as a result of the Boatharbour Project.

Conclusions

20. The Shell Cove Boatharbour Project represents a major investment in the local area of Shell Cove and the Shellharbour City region.
21. The benefits include:
- A major ongoing construction program across a number of different residential and commercial products supporting spending and employment multipliers throughout the region
 - The offer of a wide range of residential dwellings not typically offered in the area
 - The provision of local jobs in retailing, hospitality and commercial activities for local residents encouraging sustainable private commuting behaviour
22. The Shell Cove Boatharbour Project will contribute to the establishment of a sustainable regional economy within the City of Shellharbour through new expenditure from residents and tourists.
23. The project will further develop a focus for tourism within region. The provision of a hotel with conference facilities as well as the golf course develop is likely to attract delegates and businesses looking for a unique experience in an attractive recreational location.

1 Introduction

MacroPlan has been engaged by Australand to assess the economic impact of the Shell Cove Project and the impact from the Boatharbour Project alone.

This assessment includes a review of the economic impact of the construction expenditure at the project, the new residents and induced visitors (conference and holiday related).

1.1 Project Scope

The report is set out as follows:

- Section 2 – Examines the locational setting and the expected configuration of the proposed development.
- Section 3 – Reviews the overall assessment approach taken in this economic impact assessment.
- Section 4 – Describes the specific assessment assumptions that MacroPlan has used including profiles of visitors to the project.
- Section 5 – Highlights the assessment results including a review of the expected economic impact, employment creation and visitor expenditures.
- Section 6 – Provides a conclusion to the assessment

1.2 Information Sources

This report draws on a wide range of information sources. The more important information sources include:

- ABS Input- Output Multipliers, 1996-97
- National Visitor Survey
- ABS: Survey of Tourist Accommodation – Small Area Data 8635.2
- Shell Cove Boatharbour Economic Impact Assessment, 1995 (Coopers & Lybrand Consultants)

1.3 Limitations

The information in this report has been obtained from, and opinions herein are based on, sources believed to be reliable. Although great care has been taken to ensure accuracy and completeness in this report, MacroPlan Australia Pty Ltd has not independently verified and does not accept responsibility for its completeness and accuracy of the factual information on which its opinions and assumptions are based. Further, as the report involves future forecasts, it can be affected by a number of unforeseen variables. It represents for the party to whom or which it is addressed the best estimates of MacroPlan Australia Pty Ltd, but MacroPlan Australia Pty Ltd can give no assurance that any forecasts will be achieved.

2 Background

2.1 Locational Setting

The site sits within the Shellharbour Statistical Local Area, (as defined by the ABS), and is located 17km south of Wollongong.

As illustrated in the map below, the site is located adjacent to the Pacific Ocean with frontage to Shellharbour beach. The site is accessed via Shellharbour Road, which intersects with the Princess Highway at Dunmore.

Figure 1. Regional Location Map



Source: MacroPlan Australia, 2006

2.2 Development Details

The Shell Cove project comprises development of a community with over 3,000 residential dwellings, a 300 berth boatharbour, 18 hole championship golf course, district retail centres, community facilities and open space networks. In November, 1996 the Minister for Planning approved a proposed Boatharbour and associated Marina at Shell Cove.

Figure 2. Site Position



Source: Australand

This assessment looks generally at the economic impact from the Shell Cove Project and also specifically assesses the economic impact from the Boatharbour Project (i.e. specifically excludes the approved Boatharbour and only relates to lands surrounding the approved Boatharbour). The Boatharbour Project is illustrated below.

Figure 3. Boatharbour Project



Source: Australand

A summary of the Shell Cove Project and Boatharbour Project is provided below.

BOATHARBOUR PRECINCT

Boatharbour	▪ 300 Floating berths
Boat Maintenance	▪ Travel lift
	▪ Hardstand for 12 to 14 boats
	▪ Small commercial building of approximately 400sqm housing repair and maintenance services, ship chandlers, etc
	▪ Fuelling wharf
	▪ Sewer pump out
Dry Stack (under review)	▪ Potential dry stack for up to 150 boats
Public Boat Ramp	▪ 2 lane public boat ramp with car and trailer parking
Retail	▪ Main Street mixed use district centre
	▪ 5,800sqm retail including supermarket of 3,500sqm
	▪ 1,000sqm of commercial space
	▪ 1,200sqm of tourism based retail – eg tavern, restaurants, etc
Hotel	▪ 4 Star hotel with 150 suites with supporting restaurant, bar, conference, reception and service areas
Residential	▪ 422 Apartments
	▪ 405 medium density dwellings
	▪ 231 detached houses
Business Park (employment generating lands)	▪ 30,000sqm GFA of commercial space in business park
Community Uses	▪ Community Centre to be located within main street retail centre

BALANCE OF SHELL COVE PROJECT

Residential	▪ 2010 dwellings comprising 1,764 residential allotments and 246 medium density dwellings. Note- to date approximately 1,200 residential lots have been developed
School	▪ Public Primary school developed by Dept Education – year K to 6
Childcare	▪ 3 Child care centres

3 Economic Assessment Approach

Details of specific assumptions used by MacroPlan in assessing the expenditure and employment generation impacts of proposed developments are outlined under each development sub-section in this report.

The general approach taken by MacroPlan in assessing the 'economic impact' of a particular development proposal includes an expenditure and employment assessment.

The economic impact analysis is based on the effect the project has on inputs and outputs to the local economy based on a 20 year assessment period. The economic benefits of particular projects assessed in this report include:

- The total expenditure generated by the project.
- The employment outcomes based on the number of jobs supported within the development and identified expenditure impacts.

Whilst this assessment has included the calculation of direct and indirect expenditure flows, the key benefits for the local economy will primarily come from the direct increase in expenditure within the immediate area. The multiplier effect, whilst significant, will primarily tend to benefit the regional and national economy, although undoubtedly some of the multiplier effect will benefit local suppliers across a wide range of industries.

The economic impact assessment differs from a Benefit Cost Analysis framework by analysing the following factors, including:

- Employment generation (long term, short term etc);
- Private expenditure levels/ leverage; and
- Value adding;
- Multiplier effects;
- Integration with existing facilities and services and linkages to other visitor attractions;
- Other relevant factors including expenditure on other industries

3.1 Variations between the MacroPlan and Coopers and Lybrand Study

As part of this assessment, we have considered the Coopers and Lybrand Consultants Economic Impact Assessment conducted in June 1995. We note a number of variations in methodology including:

- The Economic Impact Assessment conducted in 1995 assessed three regions – Illawarra, NSW and Australia. There are a number of data quality and accuracy issues related to estimating sub-regional impacts. It is not possible to calculate the actual size of the regional multiplier in the absence of interregional input-output tables showing how much of each industry sector's expenditures are locally-focussed. Furthermore, the input-output tables used in MacroPlan's current study are based on 1996-97 data, making analysis of sub-regional and regional impacts unreliable. For this reason, MacroPlan's assessment has calculated direct expenditure with comments made about the likely benefits for local suppliers across a wide range of industries from the multiplier effect.

- MacroPlan has noted expenditure flow on effects outside the local economy. However, this impact has not been calculated. Wider expenditure effects have no value to the local economy and are considered to have little relevance to the expected benefits of the Shell Cove project to the local community.
- MacroPlan has assessed the operational phase in terms of the estimated maintenance expenditure, residential expenditure (generated by the residential development) and tourist expenditure (generated by the hotel development). This methodology is different to the 1995 Economic Impact Assessment which estimated the expenditure associated with each service (e.g. hotel, aquatic club, marina, etc). MacroPlan's assessment however, directly assesses the impact of resident and tourist expenditure generated by the development, a major component of the project.
- MacroPlan has assessed the impact over a 20 year period, compared with a 10 year period in the Coopers and Lybrand assessment.
- MacroPlan has separately assessed the impact from the Boatharbour Project alone

3.2 Expenditure Impact Calculation

3.2.1 Construction and maintenance expenditure

Construction expenditure has been separated into two broad phases, development expenditure (i.e. construction) and on-going maintenance expenditure. These expenditure streams (i.e. both development and on-going maintenance) directly support employment in the construction industry. For the purpose of this study, specifically the preparation of the site and construction of facilities, different timeframes have been used depending on the particular development. The assumed construction timeline is highlighted under each sub-section of this report. On-going maintenance expenditure is estimated at 4% of the construction cost per annum.

3.2.2 Resident expenditure

The proposed development will also attract permanent residents that will contribute to local and regional economic activity by virtue of their expenditures. The resident expenditures have been calculated based on average household expenditures over a 20 year period for New South Wales on a per capita basis.

The timing of new houses has been based on the timing of residential expenditure. The timing of new dwellings is outlined in Appendix A.

3.2.3 Tourism/ visitor expenditure

The proposed development will also generate potential benefits from the expenditure of visitors. These benefits will be induced through an increased capacity for the Illawarra Region and Shell Cove project to attract and accommodate additional visitors for increased periods of time. Flow-on effects include additional expenditure, which supports the overall sustainability of commercial uses as well as growth providing additional local employment for residents.

The importance of tourism expenditure is significant particularly given that some of this expenditure represents "new" money injected into the economy from interstate or overseas and not a redirection of expenditure from elsewhere in the economy.

Induced tourism/ visitor expenditure has been calculated based on a detailed review of the Bureau of Tourism Research CD Mota Data.

3.3 Employment Generation Calculation

The proposed development will generate significant employment opportunities. Employment opportunities are classified into two categories:

- Direct employment: the initial amount of on-going jobs directly created by the proposed development; and
- Indirect employment: additional on-going jobs indirectly created by the proposed development in other industries.

3.3.1 Direct Employment (Initial Effects)

Direct employment in this case refers to the initial amount of employment created directly as a result of the proposed developments expenditure. Every dollar spent in the Australian economy sustains employment directly within the industry that it is spent. For instance, for every \$1 million dollars that is spent in the retail industry, 18 retail industry jobs are created and sustained. The amount of direct employment generated differs between industries, depending upon the levels of output, contribution to the economy and labour intensity. The ABS calculates these initial employment effects for each industry based upon a detailed input-output analysis of the Australian economy.

In order to calculate the amount of direct employment generated by the proposal, ABS industry employment multipliers were applied to the amount of expenditure generated in each industry as a result of construction, resident expenditure, and visitor expenditure.

3.3.2 Indirect Employment (Production and Consumption Induced Effects)

In addition to the direct/ initial employment effects created by the proposed development, flow-on or indirect employment is also created. The flow on amount of long-term employment, indirectly created by the proposed development has also been estimated based on ABS multiplier effects calculated by the Australian Bureau of Statistics.

The multiplier effect acknowledges that any particular industry has flow-on impacts on the activities of other industries within the economy, such as the production and supply of inputs and increased consumption generated by new wage and salary earners.

In the case of the hospitality sector, new jobs require production support from other industries in the form of primary producers, deliveries, wholesalers, accountants and cleaners etc. The new hospitality wage earners will create further induced employment through their own increased consumption of goods and services.

The ABS calculates these multiplier effects for each industry of the Australian economy. For example, \$1 million of expenditure in the hospitality sector will support 11 hospitality jobs and a further 13 jobs in other industries including food processing and manufacturing, agriculture, cleaning services and general retailing generated by the second and third round expenditure impacts of hospitality businesses and their staff.

4 Specific Assessment Assumptions

MacroPlan has made the following key assumptions as part of the assessment of the economic impact of the development.

This assessment has not been designed to calculate expenditure by visitors and residents at the proposed development in isolation. Our calculations of impact are based on an assumed visitor profile and resident profile that may be visiting, residing at or living at the development in the short term. Based on this approach we can calculate the expenditure and employment impact of visitors and residents.

4.1 Construction expenditure

Construction expenditure estimates used in this assessment have been estimated by Australand. The construction expenditure items for the Shell Cove Project are as follows:

- | | |
|---|---|
| ▪ Civil Subdivision - stages 1 to 10 | ▪ Residential |
| ▪ Civil Subdivision - Boatharbour Precinct | - Stage 1 to 10 Housing |
| ▪ Boatharbour Civil incl consultant costs | - Stage 1 to 10 medium density |
| ▪ Golf Course and Clubhouse | - Boatharbour precinct apartments |
| ▪ Infrastructure works (major roads, wetlands, lead in services, etc) | - Boatharbour precinct medium density |
| ▪ Business Park | - Boatharbour precinct detached housing |
| ▪ Dry Stack | ▪ School |
| ▪ Boat maintenance | ▪ Community Facilities |
| | ▪ Retail |
| | ▪ Hotel |

The following assumptions have been made:

- All expenditure prior to 2007 has been assumed to be spent in the first year of this assessment (i.e. 2007).
- Forecast costs for infrastructure, subdivision works and boatharbour civil works extracted from Shell Cove feasibility and based on actual costs plus detailed estimates
- Commercial, retail and apartment construction costs based on unit rates from QS
- Detached housing costs are included as third party expenditure and based on an estimated average cost per dwelling
- Costs for school, dry stack and boat maintenance are based on ballpark estimates and are not validated with rates or actual costs.

The timing of construction has been based on information supplied by Australand and the Shell Cove Feasibility work. A copy of this is provided at Appendix A.

4.2 Resident Profile

MacroPlan has assessed a resident profile based on the likely owners – and or renters – of the 3,068 dwellings that will be provided at the development. This is comprised of the following:

Table 1. Shell Cove Project - Dwellings

Dwelling Type	Dwellings
Standard Housing (stages 1-10)	1,764
Medium Density (stages 1-10)	246
Boatharbour Precinct - Apartments	422
Boatharbour Precinct - Medium density	405
Boatharbour Precinct - Detached housing	231

MacroPlan has assumed that the average apartment will accommodate a household with expenditure levels similar to the Sydney average of \$51,800 per annum (2005/06 prices). This is sourced from the ABS Household expenditure survey.

4.3 Trends in Tourism and Conferencing Activity

MacroPlan has undertaken an overview assessment of recent trends in tourist and conferencing activity as part of our assessment of likely visitor profiles at the proposed development. The ABS 'Tourist Accommodation Survey' (December Quarter 2006, cat no. 8635.0) and the Compact Disc-Monitor of Tourist Activity prepared by Tourism Research Australia have been used to review this activity.

MacroPlan have used the Illawarra region as a benchmark for the tourist market at Shell Cove. We have used the Illawarra region statistics as the sample sizes for Shell Cove region were small. The Illawarra region represents a market that could be captured by the proposed development.

4.3.1 Tourist Trends

An assessment of a number of the demographic trends in the Illawarra region reveals:

- Between 1998 and 2006, the percentage of visitors aged between 24 and 44 years decreased from 32% to 29%, while the proportion of those aged 65 and over increased from 13% to 18%;
- The proportion of visitors with a household income of between \$78,000 and \$103,000 increased, from 14% in 1998 to 23% in 2006;

Changes in the age structure and household income of visitors to the Illawarra region influence the average expenditure per overnight visitor in this region. A review of this activity is provided below:

Table 2. Overnight Visitors – Illawarra Tourism Region

	2004	2005	2006	Average (2004–06)
Expenditure (\$'000)	\$174.74	\$182.69	\$235.84	\$197.80
Overnight visitors ('000)	1,161	1,072	1,061	1,098
Average Expenditure per Overnight Visitor	\$151	\$170	\$222	\$181

Source: CD-MOTA

Table 2 reveals that the average expenditure by visitors has increased, especially between 2005 and 2006, and that the number of overnight visits to the Illawarra region has averaged more than 1 million per annum.

MacroPlan has also reviewed conference activity¹ in the Illawarra region:

Table 3. Conference Visitor Trends – Illawarra Tourism Region

	2003	2004	2005	2006	Average (2004–06)
Expenditure (\$'000)	\$28.80	\$16.39	\$50.78	\$67.04	\$44.74
Overnight visitors ('000)	240	156	182	180	173
Average Expenditure per Overnight Visitor	\$120	\$105	\$279	\$372	\$252

Source: CD-MOTA

The assessment of conferencing activity in the Illawarra Tourism region reveals that the expenditure by overnight conference visitors has increased from \$28.8 million in 2003 to \$67 million in 2006, despite a fall in the number of overnight visits in recent years. This has more than tripled the average expenditure per overnight visit, from \$120 in 2003 to \$372 in 2006. This reveals the expanding market for conference related activities in the Illawarra region. The Shell Cove Project has significant potential to capture some of this expenditure.

A review of room occupancy rates and average lengths of stay has also been undertaken for input into our impact modelling.

Table 4. Tourist accommodation recent performance – Illawarra

	Room occupancy rate (%)	Average length of stay (days)
December Quarter 2006	52.5	1.6
September Quarter 2006	44.6	1.6
June Quarter 2006	n.a.	n.a.
March Quarter 2006	59.4	2.0
Average 2006 (excluding June Quarter)	52.2	1.7

Source: ABS Tourist Accommodation Survey

N.A. data not available for publication.

4.4 Visitor Profile

MacroPlan has developed an assumed profile of visitors to the development for the purposes of profiling conference activity and holiday visitors. The characteristics and spending patterns of visitors – including their expenditure on other activities – has been informed by Bureau of Tourism Research data (highlighted above) and our knowledge of conferencing and visitor activity in Shell Cove.

Overnight stay visitors have been reviewed which includes those travelling from Sydney, rest of New South Wales and interstate.

¹ Based on CD-MOTA Category – Business Purposes

4.4.1 Conference visitors

MacroPlan examined spending characteristics of overnight stay conference visitors to the Illawarra Tourism region as a market benchmark for Shell Cove.

Assessment of average trip expenditure per overnight conference visitor between 2004 and 2006 equated to \$252. It must be noted that this expenditure is an 'average' and may be conservative in representing the trip expenditure of visitors attending a high level conference and residing in premium accommodation.

Based on this finding MacroPlan made the following assumptions:

- Conference visitors stay between Monday and Thursday nights for an average of one night. This means that there is potential for the hotel to be utilised by conference visitors for 208 nights of the year (4 nights*52 weeks).
- A 100% occupancy rate will not be achieved at the development throughout the year. MacroPlan assessed occupancy rates at resorts and hotels in the Illawarra region in 2006 and found they averaged approximately 52%.
- With 150 suites in the hotel, the 208 trips per year at 52% occupancy rate are then applied to the average length of stay. As conference visitors stay an average of one night, total trips per year for conferencing would equate to $150 \times 208 \times 0.52 / 1 = 16,224$ trips per annum.
- The 16,224 trips per annum are then applied to the average trip expenditure of \$252 per trip to generate an expenditure impact for conference visitors. Not all of the \$252 is spent at the development. Significant proportions are spent on other activities and locations in the Shell Cove region including golf or water sports.

Table 5. Conference Visitor – Annual Expenditure

Expenditure	Conference
Expenditure per visitor	\$252
Total Hotel rooms	150
Total room nights per annum	208
Occupancy	52%
Length of stay	1
Total overnight visits per annum	16,224
Total Tourism Expenditure (p.a.) – by Conference Visitors	\$4,088,448

Source: CD-MOTA, MacroPlan Australia

4.4.2 Holiday and Recreation Visitors

In addition to our assessment of visitation generated by conferencing, MacroPlan has assessed the impact of visitation for holiday / recreational / wedding reception activity (i.e. weekend activity). We have assumed that this activity will occur on Friday, Saturday and Sunday nights i.e. 3 nights per week.

Assessment of average trip expenditure per overnight weekend visitor to the Shell Cove region between 2004 and 2006 equated to \$181. Based on this finding MacroPlan made the following assumptions:

- Weekend visitors stay between Friday and Sunday nights for an average of 1.7 nights. This means that there is potential for the hotel to be utilised by holiday and recreational visitors for 156 nights of the year (3 nights*52 weeks).
- The 156 trips per year at 52% occupancy rate are then applied to the average length of stay. As holiday visitors stay an average of 1.7 nights, total trips per year for conferencing would equate to 7,158 trips per annum.
- The 7,158 trips per annum are then applied to the average trip expenditure of \$181 per trip to generate an expenditure impact for holiday visitors. Not all of the \$181 is spent at the development. Significant proportions are spent on other activities and locations in the Shell Cove region including golf or water sports.

Table 6. Holiday Visitor – Annual Expenditure

Expenditure	Holiday & Recreation
Expenditure per visitor	\$181
Total Hotel rooms	150
Total room nights per annum	156
Occupancy	52%
Length of stay	1.7
Total overnight visits per annum	7,158
Total Tourism Expenditure (p.a.) – by Holiday/Recreation Visitors	\$1,295,534

Source: CD-MOTA, MacroPlan Australia

5 Assessment Results

The range of key benefits and economic impacts (including expenditure and employment generation) at the development are discussed in the further detail below. Appendix B provides further details of the Economic Impact Assessment.

5.1 Shell Cove Project Expenditure Impacts

The Shell Cove development will induce a range of expenditure impacts around Shell Cove and the Illawarra region from a variety of sources. The construction of the project includes the following activities:

- Boatharbour civil including excavation, breakwaters, boardwalk, public boat ramp and marina berthing
- Boatharbour and General project Infrastructure (e.g. roads and services, north west link road, wetlands, sewer pump stations)
- Residential construction
- Commercial construction – retail, hotel, business park
- Community infrastructure – community centre, school
- Golf Course/Club
- Other – subdivision costs, dry stack, boat maintenance

This analysis is based on the calculation of expenditure based input-output multipliers, with overall actual expenditure flows discounted according to a 6% discount rate at Net Present Value (NPV) of these benefits over 20 years. These are summarised below.

Total development and residential and visitor expenditure is expected to be approximately \$2.9 billion million in NPV terms over the 20-year period comprising of \$1.6 billion in construction & maintenance, \$1.3 billion in residential expenditure and \$39 million in visitor expenditure.

Table 7. Expenditure Impact

Total: Years 01-20	NPV (\$ millions)
Construction Expenditure	\$1,083
Maintenance Expenditure	\$484
Resident Expenditure	\$1,331
Tourist Expenditure	\$39
Total Expenditure	\$2,938

Source: MacroPlan Australia

The development will generate construction expenditure throughout the building stage and subsequent maintenance expenditure during its life (both private and public). Construction expenditure will total \$1.4 billion over the development cycle, or \$1 billion in NPV terms. An additional \$933 million over 20 years (\$484 NPV) is allocated to maintenance (i.e. re-fit of hotel rooms, upgrades to marina) including an assumption of 4% annual expenditure on maintenance over the life of the project.

5.2 Resident Expenditure

MacroPlan has assessed total expenditure by residents at the residential development. This assessment is based on expenditure flows over a twenty year period. Much of this expenditure will support the local retailing sector (e.g. the retail at the development and Shellharbour Village) and will in turn provide opportunities for other sectors in the region that supply retailers.

Table 8. Resident expenditure impact

Resident Expenditure	
Current housing costs	\$228,878,578
Domestic fuel and power	\$30,665,176
Food and non-alcoholic beverages	\$229,763,961
Alcoholic beverages	\$32,899,715
Tobacco products	\$16,372,562
Clothing and footwear	\$51,998,694
Household furnishings and equipment	\$75,257,570
Household services and operation	\$81,005,534
Medical care and health expenses	\$70,816,600
Transport	\$201,586,290
Recreation	\$170,344,912
Personal care	\$25,437,199
Miscellaneous goods and services	\$116,589,505
Total Resident Expenditure	\$1,331,602,243

Source: MacroPlan Australia

5.3 Tourism Expenditure by Activity

MacroPlan has assessed total expenditure per trip by activity. The table below provides a 20 – year assessment of visitor expenditure for recreation visitors in actual and NPV terms.

NPV expenditure by conference or business related visitors over the 20-year assessment period, was estimated at \$29.7 million. In addition \$9.4 million of expenditure is expected to be generated by holiday / recreation visitors.

Tourism expenditure at other attractions

The proposed development will drive tourism expenditure at other attractions at the Shell Cove project and the Illawarra region. Examples of industries that will be beneficiaries from visitors to the development will include:

- Golf courses,
- Restaurants,
- Beach front recreation businesses including boat hire, water sports, diving etc

While MacroPlan has not directly estimated expenditure at other activities, it can be assumed that a significant proportion of the \$39 million of total tourism expenditure over 20 years will be allocated to these pursuits.

5.4 Shell Cove Project Employment Generation

The proposed development will generate significant employment opportunities. These employment opportunities have been classified into two categories:

- Direct employment generation: the initial amount of ongoing jobs directly created by the proposed construction/ development phase and other visitor expenditure flows; and
- Indirect employment generation: additional ongoing jobs indirectly created by the proposed development in other industries not directly linked to the development
- Long-term supported employment in the employment lands (e.g. business park)

A summary of the total employment impact is provided below. Total direct employment generated from the construction of the development will average 1,075 per annum during the construction phase. There will also be 408 ongoing jobs related to the maintenance expenditure.

A total of 1,160 jobs will be derived directly from resident expenditure in other industries including retail and recreation.

A total of 44 jobs will be derived directly from visitor expenditure in other industries including wineries, golf clubs and restaurants. These jobs will be driven by visitor expenditure from guests at the resort on other activities as part of their trip.

In addition, 3,451 indirect jobs will be created in industries supplying goods and services to the development and in industries that supply goods and services to supermarkets, retail stores, golf courses and other pursuits (this includes jobs supported elsewhere on the Illawarra Region and in NSW from all expenditure). For example, the purchase of goods and services from industries that support hospitality and leisure sectors including food wholesalers or cleaning services.

Table 9. Employment Impact

Direct	Full Time Equivalent Jobs
Construction Employment (p.a.)	1,075
On-going Maintenance Employment (p.a.)	408
Resident Generated Employment (p.a.)	1,160
Visitor Generated Employment (p.a.)	44
<i>Direct Employment</i>	2,687
Indirect	
First Round Effect	781
Industrial Support Effect	566
Consumption Induced Effect	2,103
<i>Indirect Employment</i>	3,451
Supported Employment	1,249

Source: MacroPlan Australia

Supported Employment

As part of the development of the resort there will be jobs supported directly at the site. Long-term supported employment has been calculated based on the industry standards and is outlined in the table below.

Table 10. Supported Employment

	Provision	Job yield	Jobs
Business Park (campus style office)	30,000m ²	1 / 30m ²	1000
Retail	5,800m ²	1 / 35m ²	166
Commercial	1,000m ²	1 / 20 m ²	50
Tourism Retail (e.g. tavern)	1,000m ²	1 / 30 m ²	33
Total Jobs			1,249

Source: MacroPlan Australia

MacroPlan has estimated that around 1,249 jobs are expected to be supported on an ongoing basis at the development including employment at the Business Park, retail (including supermarket), hospitality, restaurants, conferencing, community uses (e.g. childcare, schools) etc.

5.5 Boatharbour Project Economic Impacts

This section reports on the economic impacts from the Boatharbour precinct alone. The infrastructure costs applicable to the Boatharbour Precinct are:

- Civil Subdivision - Boatharbour Precinct
- Boatharbour precinct apartments
- Boatharbour precinct medium density
- Boatharbour precinct detached housing
- Community Facilities
- Retail
- Hotel
- Business Park
- Dry Stack
- Boat maintenance

This section specifically excludes the approved Boatharbour and only relates to lands surrounding the approved Boatharbour.

The table below summarises the Boatharbour related expenditure impact. Overall, the expenditure impact from the Boatharbour precinct is expected to be approximately \$2.1 billion million in NPV terms over the 20-year period.

Table 11. Boatharbour Related Expenditure Impact

	NPV (\$m)
Construction Expenditure	\$620
Maintenance Expenditure	\$339
Resident Expenditure	\$306
Tourist Expenditure	\$39
Total Expenditure	\$1,305

Source: MacroPlan Australia

The impact of the Boatharbour Precinct on employment is summarised in the table below.

Table 12. Employment Generated from the Boatharbour Precinct

Direct	
Construction Employment (p.a.)	465
On-going Maintenance Employment (p.a.)	153
Resident Generated Employment (p.a.)	306
Visitor Generated Employment (p.a.)	44
<i>Direct Employment</i>	969
Indirect	
First Round Effect	291
Industrial Support Effect	209
Consumption Induced Effect	752
<i>Indirect Employment</i>	1,252
Supported Employment	1,249
Total	
<i>Total Employment</i>	3,469

Source: MacroPlan Australia

6 Conclusion

The Shell Cove Boatharbour project represents a major investment in the local area of Shell Cove and the Shellharbour City region. The benefits include:

- A major ongoing construction program across a number of different residential and commercial products supporting spending and employment multipliers throughout the region
- The offer of a wide range of residential dwellings not typically offered in the area
- The provision of local jobs in retailing, hospitality and commercial sector. This combined with the provision of commercial/recreational activities for residents encourages sustainable private commuting behaviour

The Shell Cove Boatharbour project will contribute to the establishment of a sustainable regional economy within the City of Shellharbour through new expenditure from residents and tourists.

The project will further develop a focus for tourism within region. The provision of a hotel with conference facilities as well as the golf course develop is likely to attract delegates and businesses looking for a unique experience in an attractive recreational location.