# SOCIO-ECONOMIC REPORT

## PROPOSED DEVELOPMENT APPLICATION
## FOR A 100 BED, 6 STOREY, LUXURY HOTEL
## AT THE CLUB SAPPHIRE SITE,
## MAIN STREET, MERIMBULA

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# 1 Executive Summary

Development of a 100 room, 4 plus star hotel at the Club Sapphire site in Merimbula is a potentially viable project with significant social and economic benefits as detailed in this report. We conclude it is likely only the Club Sapphire site has the potential to support a viable facility of this nature in the foreseeable future.

This Socio-Economic Impact Assessment (SEIA) is submitted as a component of a combined Conceptual DA and Planning Proposal for the hotel. Should Council grant consent for the concept and the Club be successful in approval of additional building height for the site, then the Club can move to a detailed economic appraisal and detailed construction DA in the confidence the principles of the project have support.

The need for a 4 plus star tourist hotel in Bega Valley Shire has been identified for some time. Federal, State and Local government strategies all see benefits and merit in such a facility to allow the Bega Valley sub-region to grow both the high-end tourist market and to provide a large enough accommodation venue to allow viable conferences and similar larger gatherings of visitors.

To date, there has been no significant adverse community reaction to provision of such a facility. This particular proposal of siting the hotel in the urban tourism centre of the Merimbula Shire, has significantly lower impacts on the natural environment (by confining the facility to a developed urban area) and minimal adverse impacts on existing residents and businesses.

There will be employment benefits and expanded business activity. The proposal would inject approximately $20 million into the local economy during an 18 month to 2 year construction and employ up to 185 people in that phase. Up to 136 of those 185 jobs could be local. In operation, the hotel should employ an average staff of 30-35 full-time equivalent people but numbers will vary with the seasonal conditions. There will be significant flow on employment in businesses servicing the hotel from tour businesses to bakeries. The flow on employment is estimated at about 35 full-time equivalent jobs.

But the reason such a hotel has not developed to date is one of economics:

- There needs to be a scale to make a larger 4 plus star hotel viable. The Shire and wider sub-region has been approaching such threshold but, <u>for a standalone hotel</u>, we consider the region is still marginal. This proposal is not standalone and its synergies with Club Sapphire give it a significant commercial advantage over a standalone site.
- Transport scale:
  - Road access has improved over recent years from Sydney and Melbourne but is still a good part of a day's travel which limits some visitors, especially time poor international tourists. Canberra is expanding as a tourism gateway for the region but is still a solid 3 hour road trip once airport transfers and such like are factored in.
  - Merimbula Airport facilities continue to be a limitation but investigations into modest expansion in seat capacity and flight frequency are continuing and the matter is a 'chicken and egg' situation. Council has embarked on a first stage of works leading to runway expansion which in turn has the ability to accommodate larger aircraft and possibly increase competition.

- o The airport needs throughput which a larger tourist facility would support and conversely, a hotel would benefit from larger seat aircraft and more competitive seat prices.

- Service infrastructure. Many potential sites in the Shire would require substantial expansion or upgrade of access, sewer, water and power, especially any green field site. The Club Sapphire site has few infrastructure challenges beyond having to meet the (Shire wide) development contributions.
- Club Sapphire has the capacity to be a development partner with a suitable hotel chain. This has the potential to significantly lower hotel establishment risks for both Club and partner. The Club facilities already exist or can be modified to address much of the support needs of the hotel with modest refinements. The Club is financially strong and well established. The Club owns the site with no debt. There is less establishment cost whereas most other potential hotel sites face major land acquisition and demolition costs for expensive existing building infrastructure.
- As a registered club, Club Sapphire is a not-for-profit operation with all income returning to the community. So a successful hotel at the Club Sapphire site will see benefits flow to the Club in more and wider community facilities and the Club's ability to continue to partner in a range of community activities.

The year 2020 has brought significant challenges to the world - both in terms of health and economics, through the impacts of the COVID-19 pandemic. The Australian economy faces significant challenges and new viable projects are needed to create employment and strengthen local economies.

The Board of Club Sapphire is acutely aware that the challenges that existed before COVID-19 have now expanded significantly. Comparatively, the Club is a strong business. But before even COVID-19, the Board was developing a vision to steer the Club from potential rising challenges, particularly the likelihood that gaming will face increasing restrictions and that the Club must lessen its reliance on gaming.

Combining a hotel and conference facility into the Club has much potential to set a core income for ongoing Club viability and to reduce dependence on gaming. But the additional challenges of 2020 mean a cautious approach is required. As such, the Board seeks a several step process to ensure viability is fully tested before committing to construction of such a project:

- Seek conceptual approval for the hotel with the necessary height increase.
- If that is successful, develop a detailed plan integrating the Hotel into a modified Club.
- Cost that proposal through real tender processes and through seeking firm commitments from a partner hotel chain.
- Only proceed to construction if the establishment and ongoing viability is proven.


**Figure 1: Subject land location.**

# 2 INTRODUCTION

## 2.1 The Proposal

The proposal would see a 100 room hotel developed on Lot 121 DP 1250503. The hotel would integrate with the existing Club, with pooling of the existing restaurants and conference facilities.

The hotel would comprise a seven storey structure.

- The first 2 floors of the hotel would comprise a lower ground floor for reception and entry and upper ground floor would integrate with the existing Club levels and create shared administration and entry.
- The third floor (Level 1) would contain a multi-function space for conferences and a range of catering and events
- Levels 2 to 6 would comprise the 100 hotel suites, with 20 to a floor.

The proposal would require a partial demolition of the existing Club in the south east corner of the site and relocation of some services and functions.

Also, included is a draft Planning Proposal that examines the potential to increase the permissible building height on Lot 121 from 16 to 26 metres.

This Socio-Economic Impact Assessment (SEIA) forms part of the formal Development Application and Planning Proposal.

## 2.2 Council's requirements for a socio-economic impact assessment

Council's Development Control Plan 2013 (DCP) specifies a need for a formal socio-economic impact assessment for projects of this nature. (A copy of Council's DCP is on Council's web page.)

It requires a detailed analysis of the following (see DCP, page 135):

The Socio-Economic Impact Assessment will address the following:

- State the objectives of the development or activity proposed.
- Analyse any feasible alternatives to the carrying out of the development, including the consequences of not carrying out the development.
- Identify the likely impacts of the development, their nature and extent, in terms of issues identified for the specific development.
- Evaluate the social and economic impacts by:
    - Scoping: identify issues and affected groups
    - Profiling: data collection, historic trends, assessing current social and economic context
    - Predicting: identify possible future impacts
    - Assessing: analyse the impacts.

- Consult with the community and other local agencies to determine the acceptable limits of impacts associated with the development.
- Justify the carrying out of the development with respect to social and economic considerations.

The following sections of this impact assessment report include assessment of the above requirements and establishes that the project has the potential to deliver strong social and economic benefits not just for Merimbula but also the Shire and, indeed, the wider South East region of NSW.

# 3 Analysis of the requirements of Council's DCP

## 3.1 Objectives of the development

### 3.1.1 Objective 1: To expand 4 plus star accommodation to the Shire

The provision of a medium capacity, 4 plus star accommodation facility in the far South Coast region is an identified goal of State and Local governments. Currently, only very small facilities of such standard exist in the region and this is limiting the potential for the region to tap into the executive business, conference and high-end tourism markets.

The region has fantastic natural and rural resources to appeal to high-end tourism but lacks the accommodation to grow the visitation.

### 3.1.2 Objective 2: To improve the scope for conferences and larger events and gatherings for Merimbula and the Shire

The Shire is currently quite limited with respect to the ability to host medium to larger size conferences and similar gatherings. Regional coastal centres in the north of the State such as Coffs Harbour, have more conference business as a result of having the bed infrastructure. Most conferences like to offer the option for a majority of attendees to be housed in the one facility.

Currently, conferences above around 30 persons are rare in the Shire and require people being accommodated in multiple venues of different standards, often beyond walking distance of the conference venue.

The existing Club Sapphire has a main auditorium capacity of 700 and up to six room combinations for break-away sessions and the like. It has the kitchen capacity to meet existing requirements plus the hotel, however, currently lacks the accommodation. Should concept approval be secured for the hotel, a subsequent DA will be required for remodelling of the existing Club to relocate some functions and capacities. The hotel tower at level 1 proposes a further multi-function space with capacity to seat 186 people.

The ultimate result will see the existing Club capacity retained and the additional multi-function space.

As such conferences and events in excess of 300 people would be possible.

(Note: at the time of drafting this SEIA, the COVID-19 Pandemic has placed greater social distancing requirements. It is currently not clear how long these requirements may last or what may replace them. However any requirements will likely be Australia wide and as such the proposal still will be competitive.)

### 3.1.3 Objective 3: To broaden and strengthen the social and economic base of Club Sapphire

Most NSW registered clubs have a dependence on gambling income and Club Sapphire is no exception. It is the Club's longer term objective to lessen dependence on gambling income. The Club has a strong land development program over its 3 vacant allotments with options such as business and residential lease or sale sites under research.

Partnering with a respected hotel chain would provide the Club with a strong ongoing income stream. To date, the Club has had preliminary expressions of interest for such a hotel development from four major chains.

As the Club is a not-for-profit entity, all surpluses would flow to improve assets and services for the community.

## 3.2 Alternatives to this proposal

### 3.2.1 The alternative of not proceeding

This report and the overall planning analysis paint a picture of a 4 star, *standalone* hotel not likely being viable in the Shire for quite some years. The strength and special advantages of the Club Sapphire site and, in particular, its synergies to integrate with an existing Club and utilise existing site and infrastructure, appear to make it the only likely site with prospects of social and economic success in the next 10 to 20 years.

Therefore, the alternative of the Club Sapphire site not proceeding would likely be that there is no significant growth in high-end tourism and conference facility business in the Shire and adjoining region for perhaps 10 to 20 years or longer.

### 3.2.2 Alternative sites

In a pure physical sense, there are numerous alternative sites in the Shire:

- There are several sites within Merimbula that could physically accommodate a 4 plus star hotel with quality outlooks and facilities. Some sites with physical capacity are identified and analysed in Sections 4.3, 4.4 and 4.6.
- A hotel site has been approved at Cattle Bay in Eden with adequate physical capacity and ability to link to marinas and other attractions.
- A special purpose tourist site might be considered for rezoning at some advantageous green field site either in a rural coastal area or some smaller coastal settlement.

The problem with all these alternative sites is the social and economic capability. The analysis below and in Section 4 points to the difficulties for other potential sites in Merimbula and Eden. Most seem to require quite expensive site acquisition. Most also would require paying for building stock still with economic value, thus, further adding to the cost of a site through having to acquire and demolish valuable building stock. Also, all such sites would seem to need to be standalone with respect to provision of restaurants, conference rooms and such like, hence, all adding considerably to the project cost and operational cost at these sites compared to the Club Sapphire site where the land and support infrastructure exists and there is significant capacity for operational synergies between the Club and hotel operations.

Green field sites face significant infrastructure costs and then there is doubt the market is large enough at this phase for the larger style “exclusive isolated resort” style of hotel in this region. Such a facility would be more limited in the clientele it may attract, present challenges for conferences over an urban setting, etc. Such resorts exist on the North Coast near larger centres like Coffs Harbours Pacific Bay Resort. But the North Coast has climate advantages, giving it a longer tourist season and an already much larger existing high-end tourist destination base.

While approved since 2014, the Cattle Bay Hotel site has yet to commence construction and seems quite dependant on facilities such as a marina and adjoining real estate development to add base viability. The site is also south-facing and somewhat limited regarding accessibility to urban services.

### 3.2.3 Alternative ways to address high-end accommodation and large venue functions

There are several boutique 4 plus star facilities in the region such as Tathra Hotel. However, their market is just that – special and boutique scale. Their business model is not related to scale, larger conferences and tour groups but to very discrete small numbers of clients seeking a particular experience. Their operations are not linked, nor in competition, with the likely clientele of a 100 room high-end quality hotel. The target here is larger groups of the high-end market, conference business and high-end tours.

Several venues in the Shire from Club auditoriums to the new Shire facilities in Bega, can accommodate 100 plus person audiences. But none have 100 plus rooms in close vicinity or if such exist, they are scattered in numerous smaller facilities between 1-3 kilometres from the venue.

The conference model enjoying the most success is an attractive locality, good accessibility and ability to accommodate all or a large proportion of the conference delegates in the one facility where the conference will be conducted.

## 3.3 Social impacts

### 3.3.1 Identification and scope of social impacts

Positive social impacts:

1. Employment and small business enhancement
2. Improved Club viability.

Negative social impacts:

1. Impacts on resident amenity
2. Limited access for persons of more modest means
3. What if the project should fail?
4. Character change.

### 3.3.2 Positive Social Impact 1: Employment and small business enhancement

#### *3.3.2.1 Relevant issues and affected groups*

The hotel will create economic benefits associated with direct employment in the hotel, expanded business for Club Sapphire and expanded business for a wide range of local businesses in servicing the needs of the hotel. It is important the scale of the employment and flow on business growth is quantified with an acceptable degree of confidence.

To a degree, the affected group is the entire community if the project brings economic growth but specific people will directly benefit as detailed in the subsections below.

#### *3.3.2.2 Profile of the issue*

The estimated average ongoing direct and indirect full-time equivalent jobs (DFTE) of the hotel once established and operating should range from 50 to 78. This figure is based on:

- The modelling in Appendix 1 to 3.
- An assumption for the lower number that in the establishment phase, the hotel will achieve 80% occupancy average for 3 month peak season, 60% for the 6 months shoulders and 40% for winter quarter.
- An assumption for the higher number that once established (suggested within 5 years of opening) these percentages will improve to 90%, 75% and 60% respectively.
- Following airport upgrade, (10-15 years estimated) further improvement in occupancy, particularly in shoulder and off season with conferences, should be possible with an associated further increase in DFTE.

The hotel would source most or all of the following services from the region:

- Laundry/cleaning and related services
- Special local food (seafood, local farm produce, local quality processed foods)
- Taxi and bus services for clients
- A range of tour services from whale watching, nature tourism experts, indigenous tours, etc.

#### *3.3.2.3 Future trends*

These are addressed in 3.3.2.1. There will be a growth in employment both direct and indirect as the hotel establishes and that may phase through around 15 years.

In the 15 year plus horizon, it is likely nature based tourism will grow strongly in an increasingly urbanised world and as such, the special qualities of the Far South Coast will be of increased visitor interest. Should local airport facilities grow with the world demand, then it is likely the high-end market will justify competition in the form of further hotels and similar venues for the increased visitation.

#### *3.3.2.4 Analysis of the positive issues of Impact 1*

The economic benefits are detailed in the appendices and in section 3.4, but are significant.

#### *3.3.2.5 Analysis of the negative issues of Impact 1 and solutions*

Little negative impact is envisaged in increasing the DFTE jobs of Merimbula district by between 65 and 78 jobs.

Over the longer term, and of much wider impact than generated by this project, will be the need for the Shire community and Council to plan to protect the “Nature Coast” natural values that are the very asset on which much of the Shire’s socio-economic future will depend. Rigour is needed in the ongoing planning of new development and good management required of State and local land managers to ensure quality visitation sites are not overloaded and devalued.

A 100 room, high-end accommodation facility on the Club site ‘ticks most of the boxes’ as an appropriate “Nature Coast” asset:

- It is a site in the urban context so minimises impacts on the rural/coastal nature asset.
- The visual and bulk scale elements of the building mean it is of very low adverse impact on the urban fabric of Merimbula, thus, allowing it to retain that mostly low rise, coastal settlement feel appropriate to the Nature Coast.
- It would attract high-end visitation with increased dollars returns per visitor.
- The conference benefit will add to improving winter business which will always be a constraint the South Coast tourism industry faces compared to more northerly regions.

### 3.3.3 Positive Social Impact 2: Improved Club viability

#### *3.3.3.1 Relevant issues and affected groups*

Club Sapphire is a major not-for-profit community facility. It has a membership of over 8,000 and provides the following benefits and facilities to both members and visitors:

- A range of quality dining experiences
- Entertainment such as dances and music events
- Gaming
- The only covered and synthetic bowling greens on the South Coast
- The Club provides cash contributions to a range of other community services
- Gym
- Meeting and conference facilities
- Current total staff of approximately 100 (ex-COVID-19).

There is a general and growing (national) community concern for improved management of problem gambling which can have serious adverse impacts on affected individuals. While a number of measures and programs are in place at Club Sapphire, the management and Board, as part of their long term strategic planning, have identified a need to lessen the Club’s reliance on gaming income and to plan for further controls and restrictions on gaming.

Currently, gaming income accounts for approximately 50% of the Club’s annual income.

#### *3.3.3.2 Profile of the Issues*

Problem gambling:

- Can have severe adverse social and economic impacts on affected persons.
- Part of the ultimate solution will likely be a community pressure to reduce overall accessibility and options for gaming.

Need for alternative Club revenue:

- Club income from gaming will definitely continue to decline.
- The Club needs to be (and is) proactive in securing alternative income sources.
- The Club has several land development options under active consideration that have the potential to generate things like ongoing significant lease income.
- A hotel on the site is a very significant potential income source that needs to be fully evaluated.

*3.3.3.3 Future trends*

The Club income generated from gaming has fallen 40% in real terms since its peak of 15 years ago and the downward trend is predicted to continue and possibly accelerate if some of the more significant controls and limitations being raised are implemented.

The COVID-19 pandemic has further reduced gaming capacity and revenue and the long term future is still to crystallise.

The Club needs to grow other income sources to at least match, if not pass, the anticipated fall in gaming income. Analysis of the positive issues of alternative Club income.

- Maintenance and, with good planning and management, growth of Club services to the community. A strong Club with long term viability with all the community benefits and employment that it generates.
- Lessening options for problem gambling in the local community.

### 3.3.4 Analysis of the negative issues of alternative Club income and solutions

Few negative issues are envisaged as a result of expanded alternative Club income. Possibly some reduction in opportunities for 'non-problem' gaming.

### 3.3.5 Negative Social Impact 1: Adverse impact on residents close to the facility

*3.3.5.1 Relevant issues and affected groups*

- Overshadowing
- Impact on existing views
- Overlooking
- Operational noise
- Business growth.

*3.3.5.2 Future trends*

Some long term redevelopment of some commercial or multi-use properties near the site may have more limited views than if the height control remained at 16 metres. But this implies most of these redevelopments to be multi-storey and the prospects of that for much of the area potentially view affected is low for much of the hotel life.

#### 3.3.5.3 *Analysis of the positive issues of neighbour impacts*

The operation of a 100 room high-end hotel will see a number of significant benefits for the commercial neighbourhood around the hotel. Guests will add to shopper volume for everything from clothing to restaurants.

Some near residents may secure employment in the hotel or as part of the flow on employment.

### 3.3.6 Analysis of the negative issues of neighbour impacts and solutions

**Overshadowing:** The shadow diagrams included with the application demonstrate all existing and likely residential accommodation will receive adequate solar access in the 9 am to 3 pm period. All of the building shadow in that time of day will fall on Club lands roads or non-residential buildings with the exception of the Telopea Court holiday apartments. The impact on Telopea will be very limited with a small section of the property in shadow at mid-winter until about 10.30 am. The extent of overshadowing is not much greater than existing shadowing caused by the building to the east of that site.

**Impact on existing views:** The visual analysis included with the application shows very few existing residences will experience any appreciable loss of view quality. The few that are impacted to any extent still retain an acceptable quality of view and/or would not have any expectations of retaining such views even under existing height controls.

**Overlooking:** There will be minimal impact of overlooking from the hotel on existing back yards. Visual penetration of existing residential buildings should be extremely low, easily addressed by normal blinds and one way curtains. The impact will not be significantly greater than the current height controls might generate. Almost 200 degrees of the outlook of the hotel is over commercial zones or open space.

**Operational noise** should readily comply with the EPA noise guidelines. Most outside hotel activity such as arrivals and departures will take place more than 100 metres from the closest residence and would be well shielded by commercial buildings. The noise impacts will not increase much, if any, over the current activity of the commercial area.

**Figure 2: This is a drone image from the 6th floor overlooking to the south-west where the closest residential is located. Given the separation of the commercial lands, there are very few close dwellings and none will have serious overlooking. In addition the rooms face south or north so most of this view will be restricted from the hotel.**

**Figure 3: Overlooking is of minimal consequence to the north of the site. (Drone image view from 6th floor looking north-west.)**

### 3.3.7 Negative Social Impact 2: Access to the facility by and general benefit to persons of modest means.

#### *3.3.7.1 Relevant issues and affected groups*

- What benefits would this facility bring to more challenged socio-economic groups?
- What negative impacts may the proposal bring?

#### *3.3.7.2 Profile of the Issues*

- A 4 plus star tourist facility is too expensive for lower socio-economic groups to access.
- Hotels can improve local employment.

#### *3.3.7.3 Future trends*

There is high probability of increased high-end tourism in the region. Overall, the economic benefits to people of modest income seem positive.

Socially, there are wider trends of possibly increasing inequality in not just Australia but many countries. However, such issues are beyond the scope of this project to address and on balance the project should be positive for the wider Shire community and in particular increase work opportunities for lower income people.

#### *3.3.7.4 Analysis of the positive issues*

The types of employment generated by the project will range from high skilled positions of management to lower skilled work associated with cleaning and service. It is likely around 60% or more of the jobs created will be lower skilled and accessible to a wide range of people.

### 3.3.8 Analysis of the negative issues and solutions

As mentioned in 3.3.7.3, the negative issues of increased high-end tourism seem beyond the scope of individual projects of this nature and relate more to social programs of Australian Governments.

### 3.3.9 Negative Social Impact 3: What if the proposal should fail?

#### *3.3.9.1 Relevant issues and affected groups*

- Employees
- Club Sapphire function
- Member impacts
- Shire economy impacts.

### 3.3.10 Analysis of the positive issues of project failure

There is little positive outcome of a failure of the project. Proper analysis of the social, economic viability and environmental impacts should mean the project does not get to succeed if the prospects/risk of failure is more than very low.

### 3.3.11 Analysis of the negative issues of project failure and solutions

Obviously, a failure of the hotel after construction would have serious impacts:

- Loss of the employment predicted.
- Significant economic/operational hardship for Club Sapphire and by implication its membership.
- The direct adverse impact on the Shire economy.
- The implications for future tourist development such a failure would generate i.e. a likely slowing down of new initiatives.

However, Club Sapphire would not proceed without a very rigorous and supporting viability analysis. Sufficient work on this has been done for the Club to seek to test if the essential height change should be accepted by the community and consent be granted for the concept. Should the height change and conceptual consent for the hotel be achieved, then more detailed viability testing would be funded by the Club and work towards an eventual further Development Application to address detailed building design and associated remodelling of the existing Club.

Club Sapphire has a strong financial and asset base. This, coupled with the synergies and cost efficiencies of integrating the hotel with the Club facilities, means Club Sapphire has better prospects than likely any other site/operation of ensuring viability of such a project in the next 20 years.

### 3.3.12 Potential Negative Social Impact 4: Character change

Merimbula currently has a set of height controls that allow an eventual character shift from a mostly 1-2 storey coastal hamlet to precincts of around 3-4 storey medium rise and medium density development over the strategy life (20 plus years).

The core issue is what character change will be generated with the provision of a hotel 3 storeys higher than the standard? The analysis in this submission suggests the specific impact is minimal and the prospects of a precedent being set are very low as, apart from a high-end hotel, few other likely projects in the Merimbula commercial area in the 20 year strategy life will economically justify height above current controls.

## 3.4 Economic impacts

### 3.4.1 Identification and scope of economic impacts

Positive economic impacts:

1. Construction benefits.
2. Operational employment benefits (direct and indirect).
3. General regional benefits of expanded tourism and conferences. (See Section 4.5.)

Negative economic impacts:

1. Potential impacts on other accommodation businesses.
2. Construction temporary impacts.

### 3.4.2 Economic Impact 1: Construction Benefits

#### *3.4.2.1 Relevant issues and affected groups*

- What employment generated?
- What potential for existing business growth?
- Who may benefit?

#### *3.4.2.2 Analysis of the positive issues of construction*

Appendix 1 contains economic modelling (based on economy .id profile) of the construction benefits of a $20 million project in the Shire.

It estimates a total employment benefit of 185 full-time equivalent (FTE) jobs for the life of the construction which is estimated to be 2 years. Of the 185, 136 would be Shire jobs and the remainder beyond the Shire. The Appendix shows the indirect employment would span a wide cross-section of work sectors while, of course, the direct jobs would be mostly in the construction and technical services sectors.

It would be a Club objective to encourage maximum local employment in the construction phase.

#### *3.4.2.3 Analysis of the negative issues of construction and solutions*

**Noise:** Construction noise would mostly be in a commercial setting with limited impact on residential. Hours of operation can be controlled.

**Dust** should not be an issue as there are wetting down, shielding and other measures to exclude it escaping the site.

**Impact on other business:** Nearby businesses may experience temporary adverse impact due to construction traffic and some noise and possible vibration impacts. Development Application conditions should be able to limit this to acceptable levels. The peak construction phase should not last beyond 12 months with respect to higher impacts. Construction traffic impacts on Main Street can be very limited, given the rear access.

### 3.4.3 Economic Impact 2: Operational employment

#### *3.4.3.1 Relevant issues and affected groups*

- How many jobs might be generated by the hotel operation?
- What benefit to other Shire business and what negative impact?
- Who will benefit and who might be adversely impacted?

#### *3.4.3.2 Analysis of the positive issues of generated employment*

Appendix 2 contains economic modelling (utilising data from .id profile) of the ongoing employment and general economic benefits of the hotel in operation phase.

The model assumes a $5 million annual turnover for the hotel.

This is estimated to further increase the Shire economic output by around $8 million per year and a further $4 million for the wider Australian economic benefit.

The total direct and indirect jobs within Bega Valley are modelled to grow by 65 jobs (FTE) and the overall employment growth both inside the Shire and beyond by 78 jobs. This employment would be ongoing. A large percentage of the indirect employment and economic growth would be across the food, service and transport sectors and wider tourist services.

A high proportion of the new work would be in the semi-skilled areas. This enhances employment for disadvantaged groups and lower skilled residents as such work is in demand and limited. A proportion of the jobs would likely be divided into part-time which adds to the groups who would benefit such as families where a partner seeks part-time work and young school leavers. Career opportunities would be expected in hospitality and across the tourism services.

The hotel targeting conferences and the like will strengthen off season work which is a significant benefit, given the drop in employment in the marked winter season.

#### *3.4.3.3 Analysis of the negative issues of generated employment and solutions*

A high proportion of the new jobs would go to persons of more limited economic means. This would further load the existing issue of affordable accommodation close to the hotel and transport service limitations and cost. Much of the solution to this issue is beyond the hotel projects' capacity to resolve in isolation. Council is advancing strategies to increase more affordable housing in the existing centres like Merimbula and satellite villages like Wolumla and South Pambula. Modest transport improvements can be expected as these satellite villages grow.

#### *3.4.3.4 Impact on existing accommodation*

While the addition of a further 100 rooms in Merimbula will have some initial impact on existing accommodation, the impact is considered to be manageable and not overly significant:

- the four plus star rating will not compete with much of the existing accommodation and overall be more expensive per room.
- As the hotel strengthens its conference and related business over time, there will be more accommodation demand beyond the Hotel.
- In many aspects the proposal will mostly be a tourism and accommodation growth initiative and not compete significantly with any accommodation business that is currently viable.

# 4 Issue research

## 4.1 Airport synergies

For the Sapphire Coast to grow its international and high-end tourism and associated conference business, there needs to be regular, adequate and economic air services to the region.

Canberra Airport continues to expand its services, includes an international component and has high volume services to all Australian major cities. However, allowing for disembarking, etc., it is still a good 3 hours travel by road to Merimbula and indeed to most of the potential tourist accommodation in both Bega Valley and Eurobodalla Shires. Most high-end visitors or conference attendees are time poor and consuming basically a day to access and a further day to egress the Shire is a limitation.

While the Shire is on a major coastal tourist route between Sydney and Melbourne, international and city travellers looking for quick access to the Shire currently face basically a full day's car travel from Sydney or Melbourne, or they luck a seat on the small local air service which is frequently full in busy periods.

The Merimbula Airport has a fixed service dedicated to REX Airlines. This sees a current service of a 20 seat craft on a maximum of 3 flights per day each direction Sydney-Merimbula and 2 per day Melbourne-Merimbula (ex/pre-COVID-19). Hence, on peak business days, only up to a total of 100 people can arrive in the Shire by air. Allowing for regular business and local resident travel, it is likely there is only about 30-40 tourist capacity seats a day. The flight costs are high – often more than can be secured for longer distances from Sydney, Melbourne and Canberra to high tourist volume destinations such as the Queensland Gold Coast.

There are topographical and economic limits to the Merimbula Airports' capacity but competition and aircraft to 100 seats seems possible in the medium term. The provision of a second Sydney airport (currently planned for 2026) will also widen the potential for frequency of flights. Currently, there is keen competition from regional airlines to get slots into the Mascot facility and this limits regional airline access to those routes with the highest growth.

To maximise the Merimbula Airports' capacity requires runway improvements and extension and development of a larger, modern terminal. The costs of such an upgrade will require a substantial funding injection from State or Federal Government if it is to succeed in the next two decades.

The current airport is certainly a brake on the potential for expansion of high-end tourism generally in the Shire. An investor in the Club Sapphire hotel proposal could not be certain of when air services may expand but at this stage significant expansion under 10 years seems unlikely. It would take 4-5 years to improve the airport and establish the expanded services even if full funding was available tomorrow.

But there appears to be scope for one high-end, larger facility in the region, especially if the business plan is to accept some initial limitation in guest numbers arriving by air. If such a facility is successful then it will also add surety to the business case for the airport upgrade.

## 4.2 Estimated costs to develop at Club Sapphire

- Demolition and waste disposal (mostly as fill on site).
- Council developer contribution (1% of gross building value) $200,000.
- Council water and sewer headworks.
- Estimated costs for access and traffic improvements to Main Street.
- Parking alterations.
- Power external to building.
- Sewer external too building.
- Water and firefighting external to building.
- Building construction.
- Finishings and refurbishments.

At this stage of assessment the total estimated cost is approximately $20 million, excluding the later DA and works for the associated Club renovations and adjustments.

## 4.3 Additional costs for servicing of a green field site, compared to Club Sapphire

The costs in section 4.2 plus:

- Site acquisition costs for any attractive coastal site would be considerable and as the site would function as a resort, a land size of several hectares would likely be required.
- Site preparation ranges depending on percentage vacant and slope.
- Stand alone Restaurant.
- Stand alone Auditorium.
- Servicing challenges - Possibly standalone plants for water and sewer, likely expensive access requirements.
- Environmental challenges - Many green field locations could have significant adverse environmental impacts in terms of disturbing natural systems and visual impacts. With careful planning, Bega Valley Shire can avoid the “creeping urbanisation” of its coastline that is lessening the amenity of many northern tourist hot spots.

## 4.4 Additional site assembly costs for alternative sites in Merimbula

The costs in Section 4.2 plus:

- Site acquisition (there are no other vacant sites, therefore, all site acquisition will have the added cost of the existing development).
- Demolition/excavation cost - Ranges depending on percentage vacant and slope of the site.
- Stand alone Restaurant.
- Stand alone Auditorium.
- Environmental challenges - Some of the other sites with physical potential are near the Lake and development in this foreshore location will have far more serous visual consequences than the Club Sapphire site.

## 4.5 Conferences in the Shire

### 4.5.1 Economic benefits of conferences

Should the hotel proposal proceed at Club Sapphire, a business target would be conferences and the hotel would have the capacity to host larger conferences, a business activity where the Shire is currently otherwise constrained.

Appendix 3 presents an economic simulation of a single, 100 delegate conference at the hotel. Apart from obviously adding to the strength and viability of the hotel, the modelling shows that even just one such conference held per year would see a spend in the Shire in the order of $90,000. And, beyond the Club/hotel benefit, the Shire could expect the combined equivalent of another full-time equivalent job.

It would not be unreasonable to assume that business can be built to in the order of 10 such conferences per year. This would strengthen the hotel bottom line and add around an ongoing 10 equivalent full-time jobs.

### 4.5.2 Current constraints

As previously mentioned, the Shire currently has limitations for larger conferences. There are venues such as the new Shire community facility in Bega and several clubs have auditoriums and break-away rooms that can service over 100 delegates. But all these options rely on accommodating the delegates and family scattered across numerous small accommodation facilities.

This challenges groups planning a conference and lessens conference function and interaction of delegates.

The proposal for 100 rooms at the Club Sapphire site would see a Shire facility with total on site capacity of 100 delegates and ability for the town to cater for very large conferences in the order of 300 if existing accommodation premises are added.

The airport capacity and ticket costs are currently a significant constraint and would be a factor in limiting initial conference growth for the hotel. But provision of the hotel would add significantly to the potential viability for airport expansion to something like 80 seat aircraft capacity.

### 4.5.3 Canberra market

Canberra is a large potential conference market. Further research on the scale of the current Canberra market is being investigated as part of the Club's viability testing.

Canberra is also a gateway with a major airport allowing affordable air access to the region and at most a 3 hour road trip to the venue.

### 4.5.4 Wider market

Given the hotel would have over a 4 star capacity, it would improve the chances of attracting executive style conferences where the budget is more able to cope with the costs of accessing the region from Sydney and Melbourne.

## 4.6 Review of other potential sites in Merimbula

While in theory, a similar hotel project could be physically sited almost anywhere in the Merimbula Town Centre, there are significant costs relating to site assembly, operation of standalone facility and environmental impacts for most other sites.

Figure 4 is referenced. It depicts:

- The large number of small land holdings in the town centre. A standalone site, even with greater height provisions than current, will in most cases require acquisition of multiple sites.
- Many sites contain buildings with residue economic life which will add value to purchase cost but then require demolition.
- The few sites flagged might have lesser of the above 2 constraints but would have greater visual impact and, as a standalone site, likely be unviable to build or operate in the 20 year term.


**Figure 4: Identification of small, medium and larger properties in the Merimbula Commercial Area.**

## 4.7 Findings of 4 plus star accommodation success in other regions

Examples of similar sized hotels in coastal tourist areas similar in scale and climate to Bega Valley are rare. We surveyed larger hotels in coastal settlements below 50,000 persons in Victoria, SA southern WA and Tasmania. Almost none had a standalone hotel of 100 rooms that was a medium rise building. One of the few comparable buildings was the Port Lincoln Hotel of 7 storeys and 111 rooms. It seems to be functioning economically but has some proximity to Adelaide.

Few coastal towns or regional coastal areas below 50,000 persons had 4 plus star accommodation of larger scale. Where room numbers in excess of 50 exist they often comprise resort complexes under 3 storeys covering larger sites near such towns.

North of Sydney, there are more examples.

- Port Macquarie (Pop. 71,000) has the Macquarie Waters Hotel which is 5 storey.
- Coffs Harbour (Pop. 48,000) has the 6 storey Pacific Bay Resort.

And many medium sized Queensland coastal towns have similar sized hotels or resorts with 5 or more storeys.

This research is preliminary but does raise some qualification as to the viability of a large 4 star hotel in a smaller coastal regional centre. Certainly there are few examples of a standalone project for south coastal regional Australia, with its marked off season, having to provide all its facilities and being purely short term accommodation.

## 4.8 Club viability in the longer term

This is addressed in Section 3.3.3.

## 4.9 Additional public benefits from not-for-profit status

As detailed in Section 3, the club is a not-for-profit entity and all profits flow back to the Club and wider community.

A private owner at an alternative site will likely channel a proportion of operational profit out of the Shire, possibly even offshore.

# 5 Economic Viability Test

Should Council and the Department of Planning, Infrastructure and Environment support the Planning Proposal to increase height and approve the related conceptual DA, the Club proposes to develop a more detailed project viability model, and subject to the findings of that model being positive, submit a further DA for associated Club refurbishments and adjustments plus full building detail for the hotel.

Should in turn that second DA achieve consent, then firm quotes would be sourced for actual construction.

Should the construction quotes and hotelier partnership agreement demonstrate solid viability, then actual construction is likely to proceed.

One thing that is already clear is that failure to achieve the additional height will render the hotel option non-viable at this site and, we consider, not viable for the whole Shire for at least 20 years.

# 6 CONCLUSIONS

## 6.1 Summarising the facts

We feel the following points are established facts from the research in this SEIA:

- **Economic and Social Benefits**. Putting aside for this point the issue of location and site impacts, should a viable 4 plus star 100 room tourist accommodation and conference facility establish in the Shire, there will be major economic and social benefits:
- About 185 direct and indirect full-time equivalent construction phase jobs.
- About 65 to 78 direct and indirect, ongoing, full-time equivalent jobs.
- Improved prospects for viable airport expansion, and through that, expansion of all tourism categories, especially the identified categories currently with most potential of backpacker and high-end tourism.
- General strengthening and accelerated growth of the tourism and conferencing sector of the Shire economy.
- **Hotel build cost.** Provision of a 100 room, 4 plus star accommodation facility anywhere in the Shire will be at least a $20 million undertaking. Modelling for the Club Sapphire site reveals a cost in that order even for such a facility when restaurants and conference facilities are not part of the build and where establishment and service costs are significantly less than any other site reviewed to date.
- **Hotel viability.** Should Council and DPIE support the height proposal and grant conditional consent to the concept DA, then as part of the assessment, the Club will refine the modelling as detailed in Section 5 and make available the viability testing to its members and hence the whole community.

  At this stage:

  - We have confidence the development cost of the hotel excluding Club adjustments will be in the order of $20 million and on annual returns likely from operation by a respected hotel chain, the project does not have high returns for the Club in the short (5 year) term.
  - But beyond that establishment period the prospects of a positive business model are stronger.
  - The sound economic base of the Club, available assets and their potential synergies with an hotel, give Club Sapphire some major cost and operational advantages over any other site we can envisage.
  - Yet even with those strengths, at this stage, even Club Sapphire may need to phase the build over the 5 year term and accept minimal profits for the short term after that.
  - It is reasonable to conclude few if any other sites in the Shire will prove viable for such a facility in the mid (10 plus) year term. Our review of other

similar sized regional coastal areas in southern Australia indicates almost no *standalone* facilities of 4 plus star standard and 100 rooms capacity.

  - Should Council and the community not support the additional height, there is doubt Club Sapphire can make the project viable and that view is strongly supported by prospective hotel chains. All four chains who have expressed preliminary interest to date consider the height a fundamental issue for this site as it translates into a high percentage of rooms having quality views and sets some iconic value to the development.

- Fitting the hotel into the current height controls:
  - The Club Sapphire site can **physically** accommodate a 100 room hotel within the current 16 metre height controls. But it will be a squat, bulky building, occupying a large proportion of the air space above the existing Club, up to that 16 metre height.
  - The current building upper floor ceiling is approximately 9 metres above existing surface as defined in Council's LEP. That leaves 7 metres which might fit in 2 additional floors but with a flat and architecturally unimaginative roof.
  - The building cost for such a model is estimated to be well above $20 million given the almost total reconstruction of the current Club and would require a major curtailment if not a total mothball of Club function for the whole build period. And such a complex build could take at least 2 years.
  - So an hotel of this scale is not economic to construct at the Club Sapphire site within the current height controls and the viability modelling indicates it would not achieve above 3 star status and hence fail the operational viability and project objectives tests.

- Adverse economic impacts are minimal:
  - The client base of the project will be the high-end, 4 plus star market and as such compete less with much existing Shire accommodation. Success of the project will likely counter any adverse impacts on competition in the medium term due to general growth of tourism and conference business.
  - The project will raise pressure for airport upgrades which means pressure for funding on all 3 levels of government. But conversely, the expansion of seat capacity into the Shire will have major business and employment benefits well beyond the hotel.
  - Adverse social impacts are mostly related to the perception and viewpoint people take about the building heights. But it seems to be an 'either/or' scenario. Do not raise heights and do not get a 4 plus star hotel. It will not likely be a situation of keeping the current heights and still having a viable high-end hotel proceed in the 20 year life of Councils Merimbula Strategy.
  - The additional 3 storeys above current height controls will be perceived by some to be a change in the character of Merimbula. Some may perceive a 'toe in the door' for a general increase in height controls to around 6 plus storeys.

- o Up until the early 2000s, the community and indeed the wider planning view was a “low building profile” was best for the NSW South Coast. That view moderated over time such that when Council proposed the current heights up to 16 metres, there was minimal objection. The accepted position now seems to be, Merimbula in particular is seen as the urban tourist centre, that mid-rise buildings have a place and that a more dense, liveable town centre is a desirable goal.
- o We agree there is minimal justification in Council’s 20 year strategy for a general further increase in height controls. The question for Council and the community is whether a single exception is justified by the fact it improves the prospects of a high-end tourism facility in the near future.
- o We consider the visual adverse impacts of the single site departure from the existing height controls is proven through the attached visual analysis to be very minor. We feel the specific justification and need for the hotel enable protection against further requests for height increases. Indeed, the research to date points to a high level of doubt any other building project in Merimbula in the 20 year life of the strategy will prove viable if exceeding the existing height controls.

## 6.2 Overall conclusions

(a) The social and economic benefits of the proposal for a 7 storey, 4 plus star hotel at Club Sapphire Site are significant.

(b) The adverse impacts of allowing a further 3 storeys at the Club Sapphire site over current height controls is almost imperceptible from the visual perspective and there are ample grounds why Council need not fear a precedent. It is unlikely other forms of development such as commercial or permanent residential will be viable at the cost to construct extra height in the 20 year strategy life.

(c) The community needs the economic benefits of the facility. The negative social impacts are minor, it is likely the project will not succeed in the Shire elsewhere in the 20 year horizon and will not even proceed at Club Sapphire without an amendment to the height controls to allow a 7 storey structure. Even then the Club may have to accept an establishment period with lower returns.

# Hotel Construction

## Economic impact model

## Impact Summary

Modelling the effect of adding $20.0m sales in Building Construction - Inflation adjusted

| Summary | Output ($m) | Value-added ($m) | Local jobs | Residents jobs |
|---|---|---|---|---|
| Starting position Bega Valley Shire (year ended June 2019) | -- | -- | -- | -- |
| Building Construction | 153.97 | 35.66 | 352 | 400 |
| All industries | 2,780.58 | 1,163.08 | 13,975 | 15,409 |
| Impacts on Bega Valley Shire economy | -- | -- | -- | -- |
| Direct impact on Building Construction sector | 20.00 | 4.63 | 46 | -- |
| Industrial impact | 16.93 | 6.35 | 67 | -- |
| Consumption impact | 4.48 | 1.93 | 23 | -- |
| **Total impact on Bega Valley Shire economy** | **41.40** | **12.90** | **136** | **134** |
| Type 1 multiplier (direct & industrial) | 1.85 | 2.37 | 2.47 | -- |
| Type 2 multiplier (direct, industrial & consumption) | 2.07 | 2.79 | 2.98 | -- |
| Impact on New South Wales economy | -- | -- | -- | -- |
| Total impact - New South Wales outside Bega Valley Shire | 7.76 | 3.66 | 5 | 0 |
| Total impact New South Wales economy | 49.16 | 16.56 | 131 | 133 |
| Impact on Australian economy | -- | -- | -- | -- |
| Total impact outside New South Wales economy | 5.49 | 2.32 | 54 | 51 |
| **Total impact on Australian economy** | **54.66** | **18.88** | **185** | **184** |

Source: National Institute of Economic and Industry Research (NIEIR) ©2019. Compiled and presented in economy.id by .id, the population experts.

*Note: All $ values are expressed in 2016/17 base year dollar terms.*

## Impact on Output

The direct addition of $20.0 million output in the Building Construction sector would lead to an increase in indirect demand for intermediate goods and services across related industry sectors. These indirect industrial impacts (Type 1) are estimated to be an additional $16.93m in Output, representing a Type 1 Output multiplier of 1.85.

There would be an additional contribution to Bega Valley Shire economy through consumption effects as correspondingly more wages and salaries are spent in the local economy. It is estimated that this would result in a further increase in Output of $4.48m.

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**The combination of all direct, industrial and consumption effects would result in total estimated rise in Output of $41.40m in Bega Valley Shire economy, representing a Type 2 Output multiplier of 2.07.**

These impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the region to the wider Australian economy to the tune of $13.25m in Output.

**The combined effect of economic multipliers in Bega Valley Shire and the wider Australian economy is estimated to be $54.66m added to Australia's Output.**

## Impact on Local Employment (jobs)

The direct addition of $20.0 million output in the Building Construction sector is estimated to lead to a corresponding direct addition of 46 jobs in the local Building Construction sector. From this direct expansion in the economy it is anticipated that there would be flow on effects into other related intermediate industries, creating an additional 67 jobs. This represents a Type 1 Employment multiplier of 2.47.

This addition of jobs in the local economy would lead to a corresponding increase in wages and salaries, a proportion of which would be spent on local goods and services, creating a further 23 jobs through consumption impacts.

**The combination of all direct, industrial and consumption effects would result in a total estimated increase of 136 jobs located in Bega Valley Shire. This represents a Type 2 Employment multiplier of 2.98.**

Employment impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the region to the wider Australian economy creating a further 49 jobs.

**The combined effect of economic multipliers in Bega Valley Shire and the wider Australian economy is estimated to be an addition of 185 jobs.**

## Impact on value added

The direct addition of $20.0 million output in the Building Construction sector would lead to a corresponding direct increase in value added of $4.63m. A further $6.35m in value added would be generated from related intermediate industries. These indirect industrial impacts represent a Type 1 value added multiplier of 2.37.

There would be an additional contribution to Bega Valley Shire economy through consumption effects as correspondingly more wages and salaries are spent in the local economy. It is estimated that this would result in a further increase in value added of $1.93m.

**The combination of all direct, industrial and consumption effects would result in an estimated addition in value added of $12.90m in Bega Valley Shire economy, representing a Type 2 value added multiplier of 2.79.**

These impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the region to the wider Australian economy to the tune of $5.97m in value added.

**The combined effect of economic multipliers in Bega Valley Shire and the wider Australian economy is estimated to be $18.88m added to Australia's value added.**

# Impact on GRP

Value added by industry represents the industry component of Gross Regional Product (GRP). The impact on Bega Valley Shire's GRP as a result of this change to the economy is directly equivalent to the change in value added outlined in the section above.

In summary, GRP in Bega Valley Shire is estimated to increase by $12.90m.
The effect on the Australian economy (including Bega Valley Shire) is estimated to be a growth in Gross Domestic Product (GDP) of $18.88m.

# Impact on employment by industry sector

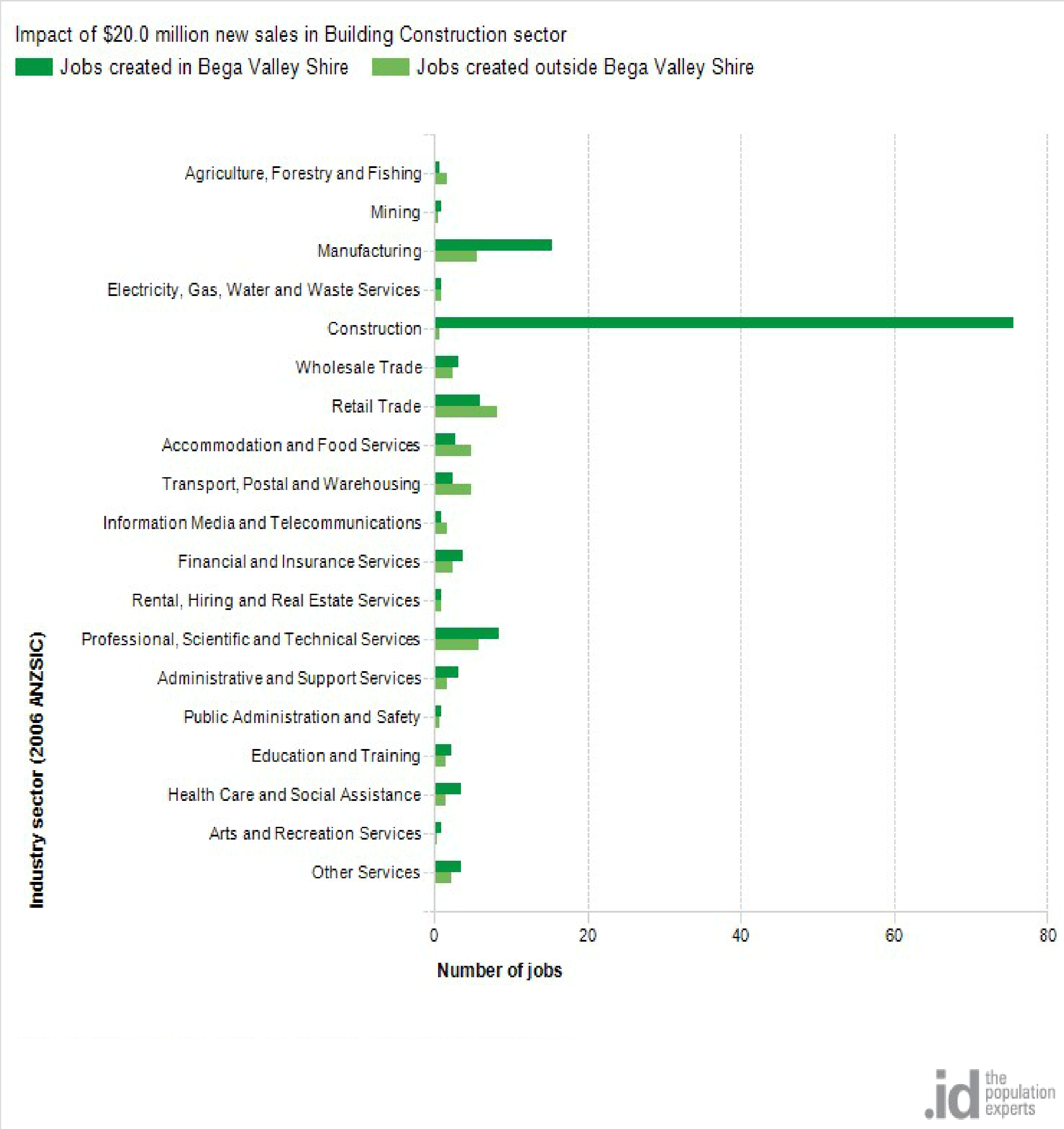
This table shows a detailed breakdown of how employment will be affected by the addition of a $20.0 million investment in the Building Construction sector of Bega Valley Shire economy. This includes both the direct industrial impact (Type 1) and ongoing consumption impact (Type 2).

# Employment by industry sector

| Bega Valley Shire - Impact of $20.0 million new sales in 'Building Construction' output (Type 1 & 2 combined impact) | Employment impacts | | | |
|---|---|---|---|---|
| | **Existing jobs in Bega Valley Shire*** | **Jobs created in Bega Valley Shire** | **Jobs created outside of Bega Valley Shire** | **Jobs created for Bega Valley Shire residents** |
| **Industry sectors (1-digit ANSIC)** | | | | |
| Agriculture, Forestry and Fishing | 1,246 | 1 | 2 | 1 |
| Mining | 38 | 1 | 1 | 1 |
| Manufacturing | 1,272 | 15 | 6 | 15 |
| Electricity, Gas, Water and Waste Services | 162 | 1 | 1 | 1 |
| Construction | 1,239 | 76 | 1 | 74 |
| Wholesale Trade | 271 | 3 | 2 | 3 |
| Retail Trade | 1,602 | 6 | 8 | 6 |
| Accommodation and Food Services | 1,637 | 3 | 5 | 3 |
| Transport, Postal and Warehousing | 434 | 2 | 5 | 2 |
| Information Media and Telecommunications | 115 | 1 | 2 | 1 |
| Financial and Insurance Services | 148 | 4 | 2 | 4 |
| Rental, Hiring and Real Estate Services | 163 | 1 | 1 | 1 |
| Professional, Scientific and Technical Services | 554 | 8 | 6 | 8 |
| Administrative and Support Services | 347 | 3 | 2 | 3 |
| Public Administration and Safety | 710 | 1 | 1 | 1 |
| Education and Training | 1,062 | 2 | 1 | 2 |
| Health Care and Social Assistance | 2,172 | 4 | 2 | 3 |
| Arts and Recreation Services | 200 | 1 | 0 | 1 |
| Other Services | 601 | 4 | 2 | 4 |
| Total Industries | 13,975 | 136 | 49 | 134 |

Source: National Institute of Economic and Industry Research (NIEIR) ©2019. Compiled and presented in economy.id by .id The population experts

# Employment by industry sector




Source: National Institute of Economic and Industry Research (NIEIR) ©2019 Compiled and presented in economy.id by .id the population experts

# Resident employment impacts

The combination of all direct, industrial and consumption effects of adding a $20.0 million investment to the Building Construction sector of Bega Valley Shire economy would be an estimated increase of 134 jobs located in Bega Valley Shire and 51 jobs located outside Bega Valley Shire – a total of 184 jobs.

As some of Bega Valley Shire's residents leave the area to work and residents of other areas enter Bega Valley Shire to work, not all of these jobs will be filled by Bega Valley Shire residents. It is estimated that of the 184 jobs created, 134 or 72.4% would be expected to be filled by Bega Valley

Shire residents. Depending on the term of the project, the tenure of these jobs will have an obvious impact on a attractiveness to potential workers.

## Industry employment impacts

The combination of all direct, industrial and consumption effects of adding $20.0 million output to the Building Construction sector of Bega Valley Shire economy would result in an estimated increase of 136 jobs located in Bega Valley Shire.

Of the 136 jobs created within Bega Valley Shire, 76, or 55.5% would be added within Construction the sector. This includes the direct jobs created in the sector, and the effect of flow-on jobs within the same sector.

The largest increase in jobs outside Construction would be in Manufacturing (15), Professional, Scientific and Technical Services (8) and Retail Trade (6).

A total of 49 jobs are estimated to be created outside Bega Valley Shire, with the largest number being in Retail Trade (8) Professional, Scientific and Technical Services (6) and Manufacturing (6).

## Impact on value added by industry sector

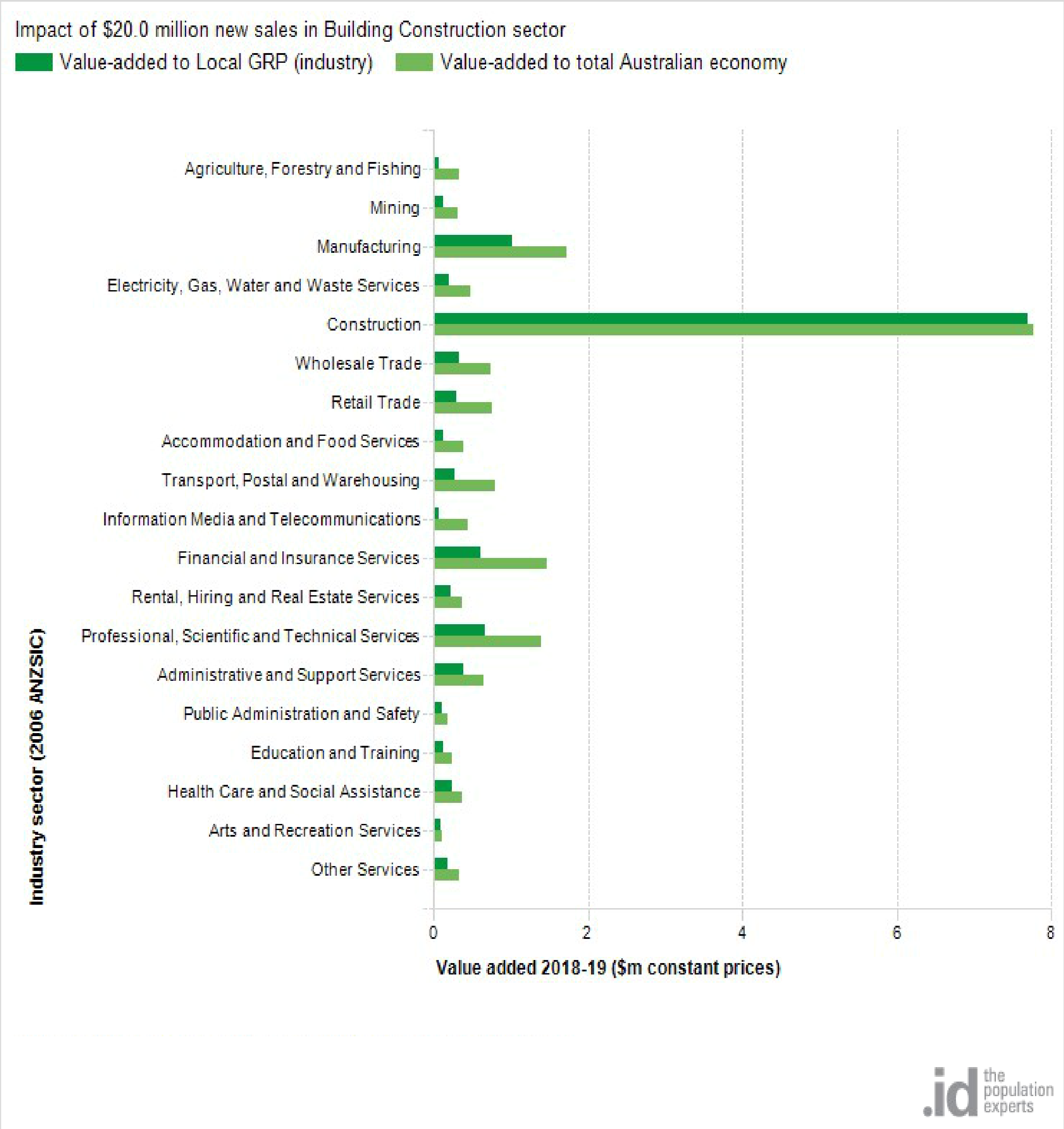
This table shows a detailed breakdown of how adding $20.0 million output in the Building Construction sector of Bega Valley Shire economy will impact on the value added of each industry sector. This highlights the relationships between industry. This includes both the direct industrial impact (Type 1) and ongoing consumption impact (Type 2).

# Value-added by industry

| Bega Valley Shire - Impact of $20.0 million new sales in 'Building Construction' output (Type 1 & 2 combined impact) | Value added 2018-19 ($m constant prices) | | |
|---|---|---|---|
| | Value-added to Bega Shire Valley | Percentage change | Value-added to Australian economy |
| **Industry sectors (1-digit ANSIC)** | | | |
| Agriculture, Forestry and Fishing | $0.07 | 0.1% | $0.33 |
| Mining | $0.14 | 0.8% | $0.32 |
| Manufacturing | $1.02 | 0.8% | $1.73 |
| Electricity, Gas, Water and Waste Services | $0.20 | 0.6% | $0.48 |
| Construction | $7.70 | 6.0% | $7.78 |
| Wholesale Trade | $0.33 | 1.0% | $0.74 |
| Retail Trade | $0.29 | 0.4% | $0.76 |
| Accommodation and Food Services | $0.13 | 0.2% | $0.38 |
| Transport, Postal and Warehousing | $0.27 | 0.7% | $0.79 |
| Information Media and Telecommunications | $0.08 | 0.7% | $0.44 |
| Financial and Insurance Services | $0.62 | 1.5% | $1.47 |
| Rental, Hiring and Real Estate Services | $0.23 | 0.5% | $0.37 |
| Professional, Scientific and Technical Services | $0.67 | 1.5% | $1.38 |
| Administrative and Support Services | $0.39 | 1.0% | $0.65 |
| Public Administration and Safety | $0.10 | 0.2% | $0.19 |
| Education and Training | $0.13 | 0.2% | $0.24 |
| Health Care and Social Assistance | $0.24 | 0.2% | $0.37 |
| Arts and Recreation Services | $0.08 | 0.6% | $0.12 |
| Other Services | $0.19 | 0.6% | $0.34 |
| Total Industries | $12.90 | 1.1% | $18.88 |

Source: National Institute of Economic and Industry Research (NIEIR) ©2019. Compiled and presented in economy.id by .id The population experts

# Value-added by industry




Source: National Institute of Economic and Industry Research (NIEIR) ©2019 Compiled and presented in economy.id by .id the population experts

The combination of all direct, industrial and consumption effects of adding $20.0 million output to the Building Construction sector of Bega Valley Shire economy would result in an estimated increase in value added of $12.90m in Bega Valley Shire economy.

The Construction sector of the economy is estimated to increase in value added by 6.0%, with the total Bega Valley Shire economy estimated to grow by 1.1%.
The main impacts in value added within Bega Valley Shire, outside of Construction, are in Manufacturing (1.02m), Professional, Scientific and Technical Services (0.67m) and Financial and Insurance Services (0.62m).

# Hotel Operation

## Economic impact model

The following Economic Impact modelling presumes an annual turnover from the Hotel of $5m.

This assumption was calculated on the basis of a 100 room Hotel, operating at 75% occupancy at a nightly cost of approx. $180.

## Impact Summary

Bega Valley Shire - Modelling the effect of adding $5.0m sales in Accommodation - Inflation adjusted

| Summary | Output ($m) | Value-added ($m) | Local jobs | Residents jobs |
|---|---|---|---|---|
| Starting position Bega Valley Shire (year ended June 2019) | -- | -- | -- | -- |
| Accommodation | 50.17 | 22.23 | 468 | 591 |
| All industries | 2,780.58 | 1,163.08 | 13,975 | 15,409 |
| Impacts on Bega Valley Shire economy | -- | -- | -- | -- |
| Direct impact on Accommodation sector | 5.00 | 2.22 | 47 | -- |
| Industrial impact | 2.11 | 0.93 | 9 | -- |
| Consumption impact | 1.73 | 0.74 | 9 | -- |
| **Total impact on Bega Valley Shire economy** | **8.83** | **3.89** | **65** | **62** |
| Type 1 multiplier (direct & industrial) | 1.42 | 1.42 | 1.19 | -- |
| Type 2 multiplier (direct, industrial & consumption) | 1.77 | 1.76 | 1.39 | -- |
| Impact on New South Wales economy | -- | -- | -- | -- |
| Total impact - New South Wales outside Bega Valley Shire | 2.19 | 1.24 | 0 | 2 |
| Total impact New South Wales economy | 11.02 | 5.13 | 64 | 64 |
| Impact on Australian economy | -- | -- | -- | -- |
| Total impact outside New South Wales economy | 1.40 | 0.37 | 14 | 14 |
| **Total impact on Australian economy** | **12.42** | **5.50** | **78** | **77** |

Source: National Institute of Economic and Industry Research (NIEIR) ©2019. Compiled and presented in economy.id by .id , the population experts.

*Note: All $ values are expressed in 2016/17 base year dollar terms.*

## Impact on Output

The direct addition of $5.0 million annual output in the Accommodation sector of Bega Valley Shire economy would lead to an increase in indirect demand for intermediate goods and services across related industry sectors. These indirect industrial impacts (Type 1) are estimated to be an additional $2.11m in Output, representing a Type 1 Output multiplier of 1.42.

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There would be an additional contribution to Bega Valley Shire economy through consumption effects as correspondingly more wages and salaries are spent in the local economy. It is estimated that this would result in a further increase in Output of $1.73m.

**The combination of all direct, industrial and consumption effects would result in total estimated rise in Output of $8.83m in Bega Valley Shire economy, representing a Type 2 Output multiplier of 1.77.**

These impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the region to the wider Australian economy to the tune of $3.59m in Output.

**The combined effect of economic multipliers in Bega Valley Shire and the wider Australian economy is estimated to be $12.42m added to Australia's Output.**

## Impact on Local Employment (jobs)

The direct addition of $5.0 million annual output in the Accommodation sector of Bega Valley Shire economy is estimated to lead to a corresponding direct addition of 47 jobs in the local Accommodation sector. From this direct expansion in the economy it is anticipated that there would be flow on effects into other related intermediate industries, creating an additional 9 jobs. This represents a Type 1 Employment multiplier of 1.19.

This addition of jobs in the local economy would lead to a corresponding increase in wages and salaries, a proportion of which would be spent on local goods and services, creating a further 9 jobs through consumption impacts.

**The combination of all direct, industrial and consumption effects would result in a total estimated increase of 65 jobs located in Bega Valley Shire. This represents a Type 2 Employment multiplier of 1.39.**

Employment impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the region to the wider Australian economy creating a further 13 jobs.

**The combined effect of economic multipliers in Bega Valley Shire and the wider Australian economy is estimated to be an addition of 78 jobs.**

## Impact on value added

The direct addition of $5.0 million annual output in the Accommodation sector of Bega Valley Shire economy would lead to a corresponding direct increase in value added of $2.22m. A further $0.93m in value added would be generated from related intermediate industries. These indirect industrial impacts represent a Type 1 value added multiplier of 1.42.

There would be an additional contribution to Bega Valley Shire economy through consumption effects as correspondingly more wages and salaries are spent in the local economy. It is estimated that this would result in a further increase in value added of $0.74m.

**The combination of all direct, industrial and consumption effects would result in an estimated addition in value added of $3.89m in Bega Valley Shire economy, representing a Type 2 value added multiplier of 1.76.**

These impacts would not be limited to the local economy. Industrial and consumption effects would flow outside the region to the wider Australian economy to the tune of $1.61m in value added.

**The combined effect of economic multipliers in Bega Valley Shire and the wider Australian economy is estimated to be $5.50m added to Australia's value added.**

# Impact on GRP

Value added by industry represents the industry component of Gross Regional Product (GRP). The impact on Bega Valley Shire's GRP as a result of this change to the economy is directly equivalent to the change in value added outlined in the section above.

In summary, GRP in Bega Valley Shire is estimated to increase by $3.89m.

The effect on the Australian economy (including Bega Valley Shire) is estimated to be a growth in Gross Domestic Product (GDP) of $5.50m.

# Impact on employment by industry sector

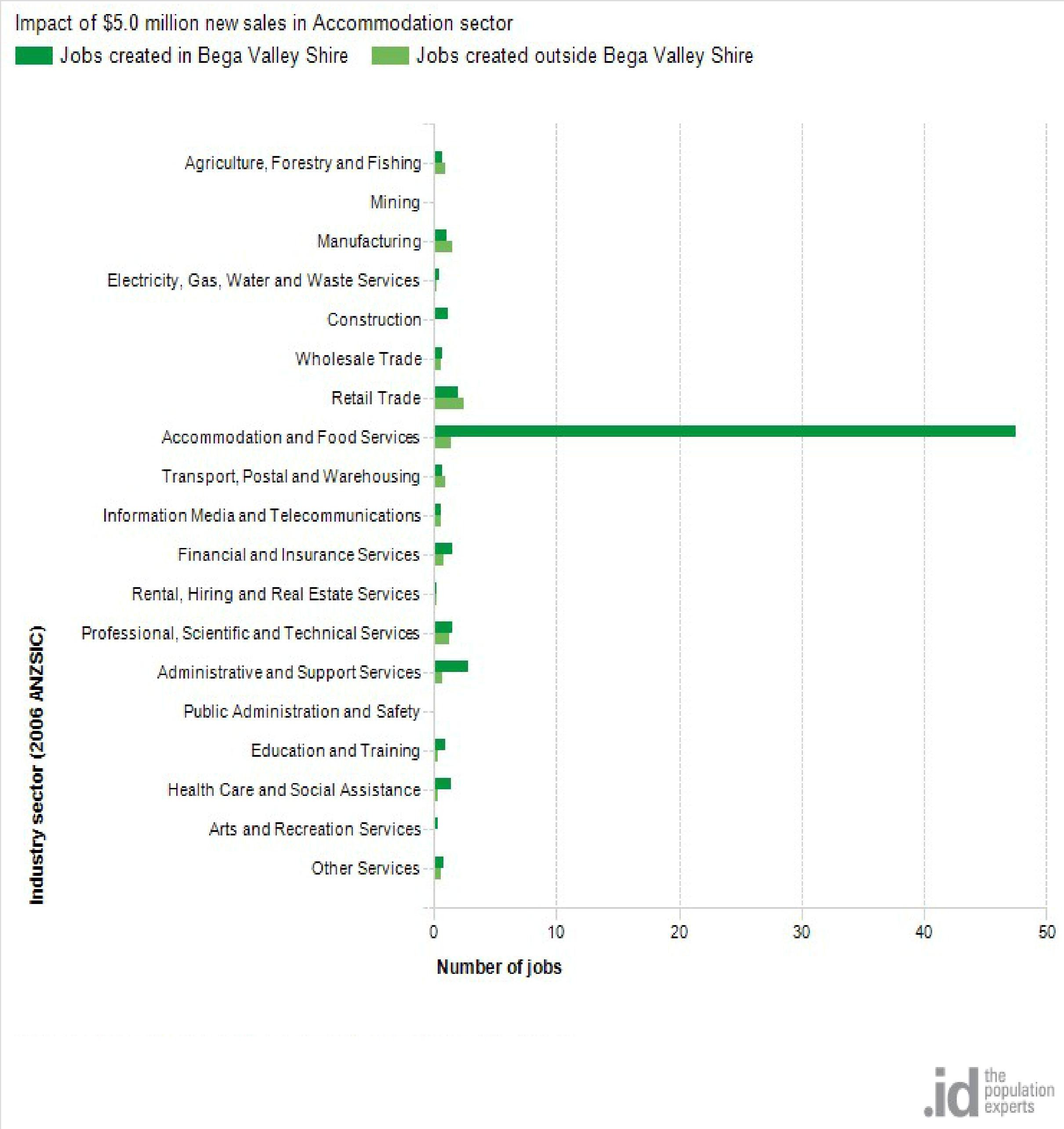
This table shows a detailed breakdown of how employment will be affected by the addition of $5.0 million annual output in the Accommodation sector of Bega Valley Shire economy. This includes both the direct industrial impact (Type 1) and ongoing consumption impact (Type 2).

# Employment by industry sector

| Bega Valley Shire - Impact of $5.0 million new sales in 'Accommodation' output (Type 1 & 2 combined impact) | Employment impacts | | | |
|---|---|---|---|---|
| Industry sectors (1-digit ANSIC) | **Existing jobs in Bega Valley Shire*** | **Jobs created in Bega Valley Shire** | **Jobs created outside Bega Valley Shire o** | **Jobs created for Bega Valley Shire residents** |
| Agriculture, Forestry and Fishing | 1,246 | 1 | 1 | 1 |
| Mining | 38 | 0 | 0 | 0 |
| Manufacturing | 1,272 | 1 | 2 | 1 |
| Electricity, Gas, Water and Waste Services | 162 | 0 | 0 | 0 |
| Construction | 1,239 | 1 | 0 | 1 |
| Wholesale Trade | 271 | 1 | 1 | 1 |
| Retail Trade | 1,602 | 2 | 2 | 2 |
| Accommodation and Food Services | 1,637 | 48 | 1 | 45 |
| Transport, Postal and Warehousing | 434 | 1 | 1 | 1 |
| Information Media and Telecommunications | 115 | 1 | 1 | 1 |
| Financial and Insurance Services | 148 | 2 | 1 | 1 |
| Rental, Hiring and Real Estate Services | 163 | 0 | 0 | 0 |
| Professional, Scientific and Technical Services | 554 | 2 | 1 | 1 |
| Administrative and Support Services | 347 | 3 | 1 | 3 |
| Public Administration and Safety | 710 | 0 | 0 | 0 |
| Education and Training | 1,062 | 1 | 0 | 1 |
| Health Care and Social Assistance | 2,172 | 1 | 0 | 1 |
| Arts and Recreation Services | 200 | 0 | 0 | 0 |
| Other Services | 601 | 1 | 1 | 1 |
| Total Industries | 13,975 | 65 | 13 | 62 |

Source: National Institute of Economic and Industry Research (NIEIR) ©2019. Compiled and presented in economy.id by .id The population experts

# Employment by industry sector

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# Resident employment impacts

The combination of all direct, industrial and consumption effects of adding $5.0 million annual output to the Accommodation sector of Bega Valley Shire economy would be an estimated increase of 62 jobs located in Bega Valley Shire and 15 jobs located outside Bega Valley Shire – a total of 77 jobs.

As some of Bega Valley Shire's residents leave the area to work and residents of other areas enter Bega Valley Shire to work, not all of these jobs will be filled by Bega Valley Shire residents. It is estimated that of the 77 jobs created, 62 or 80.0% would be expected to be filled by Bega Valley Shire residents.

## Industry employment impacts

The combination of all direct, industrial and consumption effects of adding $5.0 million annual output to the Accommodation sector of Bega Valley Shire economy would result in an estimated increase of 65 jobs located in Bega Valley Shire.

Of the 65 jobs created within Bega Valley Shire, 48, or 73.5% would be added within Accommodation and Food Services the sector. This includes the direct jobs created in the sector, and the effect of flow-on jobs within the same sector.

The largest increase in jobs outside Accommodation and Food Services would be in Administrative and Support Services (3), Retail Trade (2) and Professional, Scientific and Technical Services (2).

A total of 13 jobs are estimated to be created outside Bega Valley Shire, with the largest number being in Retail Trade (2) Manufacturing (2) and Professional, Scientific and Technical Services (1).

## Impact on value added by industry sector

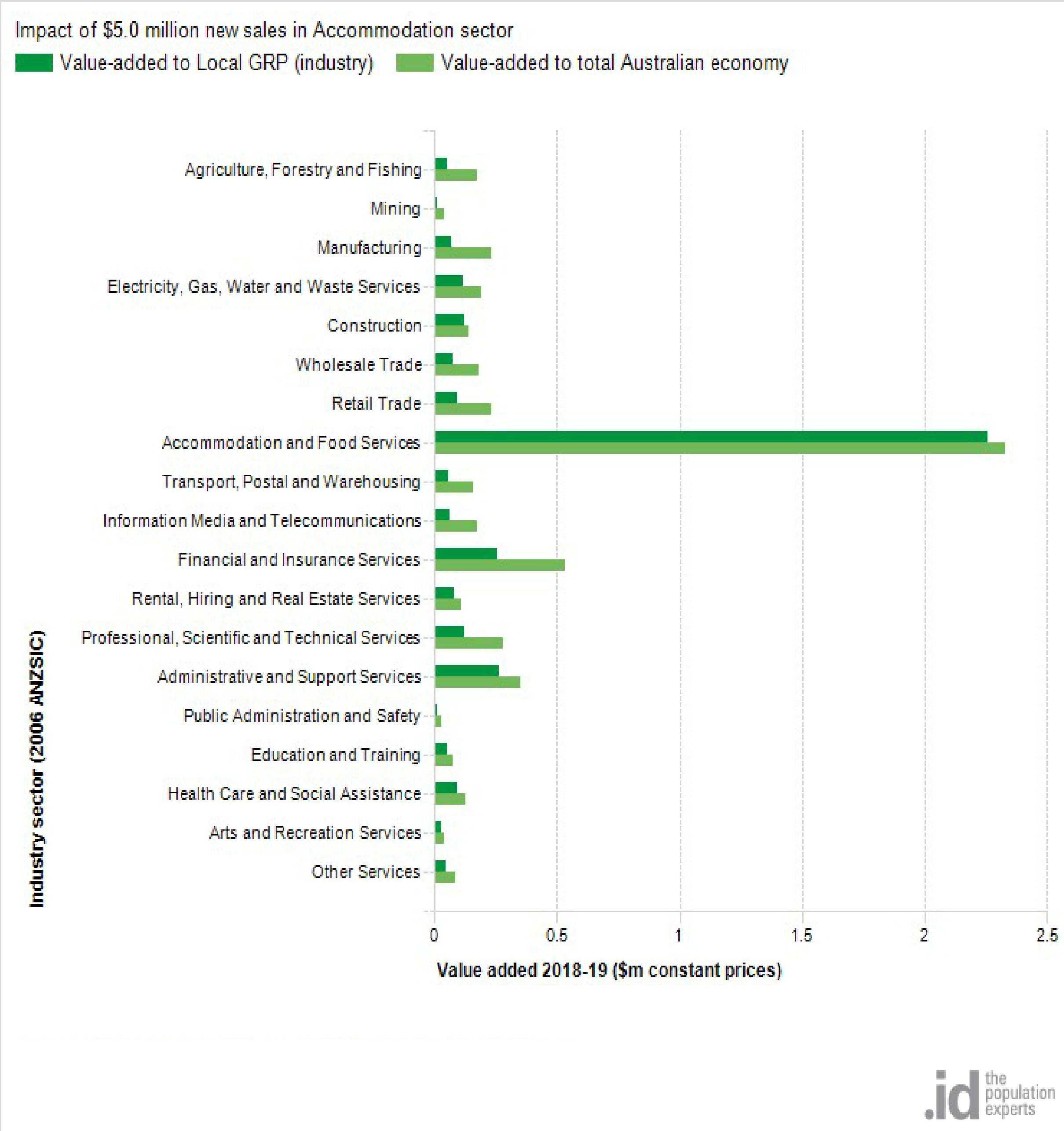
This table shows a detailed breakdown of how adding $5.0 million annual output in the Accommodation sector of Bega Valley Shire economy will impact on the value added of each industry sector. This highlights the relationships between industry. This includes both the direct industrial impact (Type 1) and ongoing consumption impact (Type 2).

# Value-added by industry

| Bega Valley Shire - Impact of $5.0 million new sales in 'Accommodation' output (Type 1 & 2 combined impact) | Value added 2018-19 ($m constant prices) | | |
|---|---|---|---|
| | Value-added to Bega Valley Shire | Percentage change | Value-added to Australian economy |
| **Industry sectors (1-digit ANSIC)** | | | |
| Agriculture, Forestry and Fishing | $0.05 | 0.0% | $0.18 |
| Mining | $0.01 | 0.1% | $0.04 |
| Manufacturing | $0.07 | 0.1% | $0.23 |
| Electricity, Gas, Water and Waste Services | $0.12 | 0.3% | $0.19 |
| Construction | $0.12 | 0.1% | $0.14 |
| Wholesale Trade | $0.08 | 0.2% | $0.18 |
| Retail Trade | $0.10 | 0.1% | $0.23 |
| Accommodation and Food Services | $2.26 | 2.9% | $2.33 |
| Transport, Postal and Warehousing | $0.06 | 0.2% | $0.16 |
| Information Media and Telecommunications | $0.06 | 0.5% | $0.18 |
| Financial and Insurance Services | $0.26 | 0.6% | $0.53 |
| Rental, Hiring and Real Estate Services | $0.08 | 0.2% | $0.11 |
| Professional, Scientific and Technical Services | $0.12 | 0.3% | $0.28 |
| Administrative and Support Services | $0.27 | 0.7% | $0.35 |
| Public Administration and Safety | $0.01 | 0.0% | $0.03 |
| Education and Training | $0.05 | 0.1% | $0.08 |
| Health Care and Social Assistance | $0.09 | 0.1% | $0.13 |
| Arts and Recreation Services | $0.03 | 0.2% | $0.04 |
| Other Services | $0.05 | 0.2% | $0.09 |
| Total Industries | $3.89 | 0.3% | $5.50 |

Source: National Institute of Economic and Industry Research (NIEIR) ©2019. Compiled and presented in economy.id by .id The population experts

# Value-added by industry

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The combination of all direct, industrial and consumption effects of adding $5.0 million annual output to the Accommodation sector of Bega Valley Shire economy would result in an estimated increase in value added of $3.89m in Bega Valley Shire economy.

The Accommodation and Food Services sector of the economy is estimated to increase in value added by 2.9%, with the total Bega Valley Shire economy estimated to grow by 0.3%.

The main impacts in value added within Bega Valley Shire, outside of Accommodation and Food Services, are in Administrative and Support Services (0.27m), Financial and Insurance Services (0.26m) and Professional, Scientific and Technical Services (0.12m).

# Hotel Event

## Event impact calculator

This Event Modelling estimate is based on a presumed event catering for 100 attendee's over a 3 day event, spending on average $300 per event.

The Business Events Council of Australia estimates conference spending between $153 and $585 depending on the targeted clientele of a particular event.

The modelling below is indicative of only **ONE** event.

## Event Impact Summary

Bega Valley Shire - Sample Conference - Modelling the effect of $90,300 from a Business event with Region significance

| | Output ($) | Value-added ($) | Employment (annual FTE) | Resident Jobs (annual FTE) |
|---|---|---|---|---|
| Direct impact | 77,658 | 34,461 | 0.7 | -- |
| Industrial impact | 32,218 | 13,408 | 0.1 | -- |
| Consumption impact | 28,615 | 12,303 | 0.2 | -- |
| Total impact on Bega Valley Shire economy | 138,491 | 60,173 | 1.0 | -- |

Source: National Institute of Economic and Industry Research (NIEIR) ©2019. Compiled and presented in economy.id by .id , the population experts.
*Note: All $ values are expressed in 2016/17 base year dollar terms.*

The proposed Sample Conference event is planned to run for 3 days. It is an event of Region significance and is estimated to attract 100 visitors per day over the 3 days, with an average spend per person per day of $301. This equals a total visitor spend of $90,300 attributed to this event. Assuming the event will be held in Bega Valley Shire, it is calculated to have the following potential impact:

## Impact on Output

The total visitor spend of $90,300 attributed to staging the Sample Conference would lead to a direct impact on output of $77,658. This additional direct output from the economy would also lead to an increase in indirect demand for intermediate goods and services across related industry sectors. These indirect industrial impacts (Type 1) are estimated to be an additional $32,218 in Output.

There would be an additional contribution to Bega Valley Shire economy through consumption effects as correspondingly more wages and salaries are spent in the local economy. It is estimated that this would result in a further increase in Output of $28,615.

The combination of all direct, industrial and consumption effects would result in total estimated rise in Output of $138,491 in Bega Valley Shire economy.

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# Impact on value added and GRP

The impact of an additional of $90,300 spend to the local economy as a result of running Sample Conference in Bega Valley Shire would lead to a corresponding direct increase in value added of $34,461. A further $13,408 in value added would be generated from related intermediate industries.

There would be an additional contribution to Bega Valley Shire economy through consumption effects as correspondingly more wages and salaries are spent in the local economy. It is estimated that this would result in a further increase in value added of $12,303.

The combination of all direct, industrial and consumption effects would result in an estimated addition in value added of $60,173 in Bega Valley Shire economy.

Value added by industry represents the industry component of Gross Regional Product(GRP). The impact on Bega Valley Shire’s GRP as a result of staging this event is directly equivalent to the change in value added outlined above. In summary, GRP in Bega Valley Shire is estimated to increase by $60,173.

# Impact on Employment (jobs, 12mth FTE)

The employment impact of an event is expressed in Full Time Equivalent (FTE) jobs. For example, an event that generates 4 weeks of full time work for 13 people (52 weeks of full time work in total), would have an employment impact equivalent to 1.0 annual FTE job.

The direct addition of $90,300 spend to the local economy as a result of staging the Sample Conference event in Bega Valley Shire is estimated to lead to a corresponding direct increase of employment equivalent to 0.7 annual FTE jobs across a range of industries. From this direct expansion in the economy it is anticipated that there would be flow on effects into other related intermediate industries, creating an additional employment equivalent to 0.1 annual FTE jobs.

This addition of employment in the local economy would lead to a corresponding increase in wages and salaries, a proportion of which would be spent on local goods and services, creating a further increase equivalent to 0.2 annual FTE jobs through consumption impacts.

The combination of all direct, industrial and consumption effects would result in a total estimated increase of employment equivalent to 1.0 annual FTE jobs located in Bega Valley Shire.