



ESSENTIAL ECONOMICS

Evidence and Presentation
Amendment C92 to the Glenelg Planning
Scheme

Expert Witness Statement

Chris McNeill

Director - Essential Economics Pty Ltd

April 2018

Authorship

Report stage	Author	Date	Review	Date
Draft report	Chris McNeill	17 April 2018	John Noronha	17 April 2018
Final report	Chris McNeill	17 April 2018		

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

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1 INTRODUCTION

1.1 Professional Details

- 1.1 My name is John Christopher McNeill and I practice as a Director and Senior Economist at Essential Economics Pty Ltd of 96 Pelham Street, Carlton.
- 1.2 I hold the degree of Economics from Monash University. A copy of my CV is attached to this statement.

1.2 Area of Expertise

- 1.3 My area of professional expertise is urban economics and the economic analysis of urban policy.
- 1.4 My opinions expressed herein are, to the context relevant, made by me in reliance upon my above expertise.
- 1.5 I am a member of the Victorian Planning and Environmental Law Association.

1.3 Instructions

- 1.6 I have been instructed in this matter by Matthew Berry, Planning Manager at Glenelg Shire Council.
- 1.7 My instructions in this matter are as follows:
- (a) Consider proposed Amendment C92 to the Glenelg Planning Scheme (Cape Bridgewater Structure Plan), specifically in relation to the economic rationale for promoting additional tourism development at Cape Bridgewater;
 - (b) Prepare an expert report focussed on economic issues;
 - (c) Appear as an expert witness at the Panel Hearing for Amendment C92 to the Glenelg Planning Scheme.
- 1.8 In preparing this statement:
- (a) I note that, as a witness giving evidence (by report, or otherwise) in a proceeding as an expert, I have a duty to assist the Panel and that this duty overrides any obligation that I may have to any party to the proceeding or to any person who is liable for my fee or expenses in this matter;
 - (b) I have neither received nor accepted any instructions to adopt or reject any particular opinion in preparing this report;
 - (c) I have made all the enquiries which I believe are desirable and appropriate and that no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel;

- (d) I have considered the relevant documents disclosed by the parties to the proceeding and the documents listed in this report.
- 1.9 I note that I was previously engaged by Mesh Urban Planning and Design to provide a background economic report as an input into the Cape Bridgewater Structure Plan. The report, dated September 2016, is attached to this evidence statement as an appendix.
- 1.10 I further note the above-mentioned report was undertaken by me as 'Spade Consultants Pty Ltd', my employer prior to Essential Economics Pty Ltd.

2 AMENDMENT C92 TO THE GLENELG PLANNING SCHEME

- 2.1 In this section of my evidence statement, I provide an overview of Amendment C92 to the Glenelg Planning Scheme.

Amendment C92

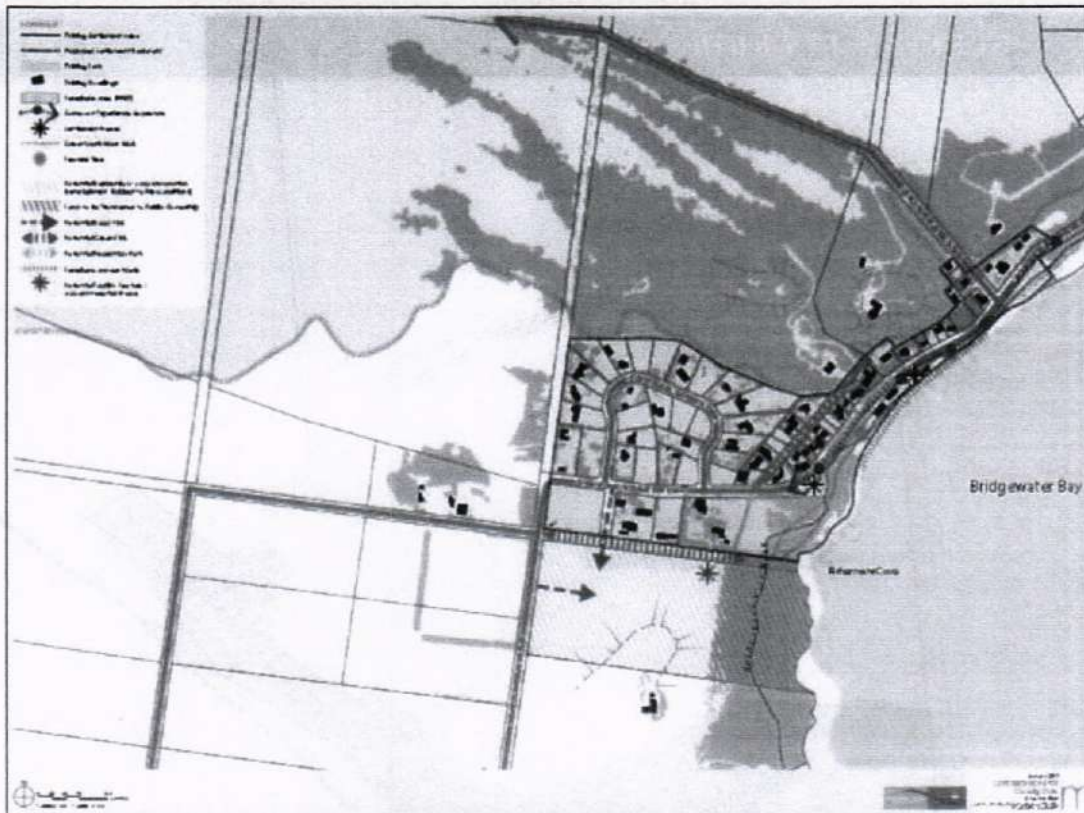
- 2.2 The Amendment proposes to implement the Cape Bridgewater Structure Plan (June 2017). Specifically, the amendment:
- Amends Clause 22.01 to make reference to the Cape Bridgewater Structure Plan (June 2017).
 - Inserts Clause 22.07 (Cape Bridgewater) to apply a settlement boundary and include consideration of design guidelines contained within the Cape Bridgewater Structure Plan.
 - Rezones land from Rural Conservation Zone to Rural Living Zone for the majority of the settlement.
 - Amends the Schedule to the Rural Living Zone to include a setback trigger to dwellings for development within Cape Bridgewater settlement.
 - Rezones land from Rural Conservation Zone to Rural Activity Zone Schedule 1 in the nominated Accommodation Precinct specified in the Cape Bridgewater Structure Plan.
 - Inserts Clause 35.08 Rural Activity Zone into the Glenelg Planning Scheme.
 - Inserts Schedule 1 to the Rural Activity Zone to identify land in the Accommodation Precinct specified in the Cape Bridgewater Structure Plan.
 - Amends Map 34SLO to delete the Significant Landscape Overlay Schedule 3 from land rezoned to Rural Living Zone and Rural Activity Zone in Cape Bridgewater.
- 2.3 The Cape Bridgewater Structure Plan June (2017) (the Structure Plan) has been prepared and adopted by Council. The amendment is required to implement Stage 1 of the Cape Bridgewater Structure Plan. This identifies a vision and sets objectives by precinct for this coastal settlement through a set of planning scheme controls.
- 2.4 Notably, Stage 1 of the Structure Plan seeks to rezone an area of land, currently occupied (in part) by the Cape Bridgewater Coastal Camp, from the Rural Conservation Zone to the Rural Activity Zone. This area is identified in Figure 2.1.
- 2.5 A future Stage 2 Amendment is foreshadowed in the Structure Plan which would see the so-called Blowholes Precinct also rezoned to the Rural Activity Zone, subject to preconditions set out in the Structure Plan. The proposed revised Settlement Boundary accommodating the Stage 1 and Stage 2 Rural Activity Zone areas is identified at Figure 2.1.

Figure 2.1 Proposed Rural Activity Zone Amendment Area



Source: Amendment C92 to the Glenelg Planning Scheme documentation

Figure 2.2 Proposed Cape Bridgewater Settlement Boundary



Source: Amendment C92 to the Glenelg Planning Scheme – Explanatory Report

- 2.6 The Structure Plan contains significant references to landscape, environment and cultural factors, and a number of recommendations are made in relation to boundaries, interfaces, access and built form. These recommendations seek to ensure any future development is undertaken with regard for the natural landscapes that require ongoing protection. I do not provide comment on the appropriateness of the proposed protections as this is not my area of expertise.
- 2.7 Rather, I provide comment on the economic rationale for providing additional land (specifically in the Rural Activity Zone) at Cape Bridgewater for the purpose of advancing tourism facilities.

3 PLANNING CONTEXT

- 3.1 In this section of my evidence statement, I consider the planning context from an economic perspective.

State Policy

- 3.2 Clause 11 of the Glenelg Planning Scheme seeks to anticipate and respond to the needs of existing and future communities through the provision of zoned and serviced land for housing, employment, recreation and open space, commercial and community facilities, and infrastructure.
- 3.3 Clause 11.07 (Regional Victoria) seeks to develop regions and settlements that have a strong identity, are prosperous and are environmentally sustainable.
- 3.4 Clause 11.11 (Great South Coast) seeks to strengthen the region's economy through increased industry diversification, innovation and development.

Local Policy

- 3.5 Clause 21.01 (Municipal Strategic Statement) notes:
- The growing significance of tourism in the municipality (Key Issues and Influences)
 - Supporting quality tourism development (Economic Development)
- 3.6 Clause 21.02 (Objectives, Strategies and Implementation Themes) seeks to:
- Encourage population growth within and immediately around the existing towns to (including) increase job opportunities
 - Establish an urban edge to all settlements to ensure that the direction of development is known to all residents and to facilitate certainty for both developers and surrounding agricultural land uses
 - Ensure decisions to rezone additional land for urban purposes are informed by (including) - the demonstrated need for additional urban land having regard to current urban zoning and land supply and demand.

Strategies

- 3.7 Additionally, a number of state and local strategies inform and direct policy context, including:
- Victorian Coastal Strategy (2014)
 - Great South Coast Regional Growth Plan (2014)
 - Glenelg Sustainable Settlement Strategy (2012)

Comments on the Planning Context

- 3.8 In my opinion, the Cape Bridgewater represents a classic case of a small coastal township with high quality environmental assets where a clear balance is required between promoting sustainable tourism development, and ensuring ongoing protections are provided in the planning scheme for the natural assets that make the township special in the first place.

4 ECONOMIC CONTEXT

- 4.1 This section of my evidence statement considers the economic context relating to the proposed rezoning (and potential future rezoning) of land south of Bridgewater Road from the Rural Conservation Zone to the Rural Activity Zone.

Importance of Tourism to Cape Bridgewater and Glenelg Shire

- 4.2 Tourism Research Australia (2016) data for Glenelg Shire indicates there are 231 tourism-based businesses in the Shire, with 56 businesses employing 5 to 19 employees, and 5 businesses employing more than 20 persons. Significantly, most tourism-related expenditure and employment is contained within the municipality.
- 4.3 Table 4.1 provides a summary of visitor related data and underlines the significance of tourism to the municipality. As highlighted in the table, visitor numbers are derived primarily from domestic overnight and domestic day visitors. In terms of spending however, the relative importance of international visitors is far more important.
- 4.4 International visitors generally fall into two specific types; backpackers for whom spending is relatively limited, and family or older visitors who, on average, spend a significant amount of money and for whom accommodation and 'experiences' is an important component of visitation.

Table 4.1 Summary of Visitor Numbers and Visitor Spend – Glenelg Shire (2016)

	International	Domestic Overnight	Domestic Day	Total
Visitors (000's)	11	158	215	384
Nights (000's)	50	491	-	540
Average Stay (nights)	4	3	-	3
Spend (\$m)	4	66	24	93
Average spend per trip (\$)	336	415	111	242
Average spend per night (\$)	75	134	-	128

Source: Tourism Research Australia

- 4.5 Much of the economic rationale is contained in the background economic report "tourism Opportunities Assessment (Spade Consultants, September 2016). I refer specifically to:

Benefits of the tourism industry

The economic importance of tourism to a destination is commonly underappreciated and extends well beyond core hospitality and transportation sectors. Tourism provides additional expenditure across a range of industry sectors including transportation, entertainment, recreation, retail, food and beverage and accommodation. The combined impact of a healthy tourism economy can be felt in terms of:

- *Increased employment from directly influenced positions such as tour guides, hotel and accommodation staff, bus services, recreation-based and attractions-based staff and in food and beverage staff. Indirectly, employment is boosted across a range of industries that support elements of the tourism industry.*
- *Increased spending in the local community including money spent directly by tourists and increased expenditure by businesses and individuals in the local economy as a result of tourism revenue.*
- *Increased diversification with less reliance on traditional and core industries such as (in Cape Bridgewater's case) agriculture.*
- *Increased Council and taxation revenues meaning that more money is available for infrastructure. There is sometimes a valid counter-argument to this point where it can be suggested that additional infrastructure may not be required but for the number of tourists placing undue strain on existing capacity.*
- *Social advantages associated with an improved sense of pride in local communities, allowing the development of a distinct local identity.*
- *Economic, social and cultural opportunities, whereby entrepreneurs provide new life and create economic opportunity for others.*

Tourism Assets

The Cape Bridgewater area has a number of distinctive natural attractions including:

- *Highest coastal cliff in Victoria*
- *Blowholes*
- *Petrified forest (actually hollow tubes of Limestone)*
- *Cape Bridgewater Beach*
- *Bridgewater Lakes*
- *Discovery Bay Coastal Park (massive sand dunes)*
- *Hiking around the Cape itself*
- *Great South West Walk (250 kilometre circuit walk which includes Cape Bridgewater)*
- *Seal colony tours (by boat).*

4.6 In the Spade Consultants report, I also acknowledged that, in economic terms, a number of constraints and limitations existed in terms of potential tourism growth at Cape Bridgewater. These included:

- The tight geographical confines and the limited scope to grow the township
- Limited scope capacity for increasing car parking capacity
- Infrastructure constraints (including limited reticulated urban infrastructure)
- The distance and travel time from Melbourne to Cape Bridgewater

- The limited number of cruise ships stopping at Portland (this was noted as a constraint and an opportunity)
 - The lack of public transport
 - Limitations based on road access and capacity
 - The fact that the nearest regional town (Portland) is not regarded as a major tourist destination
 - The lack of association and promotion between Victoria's south-west and South Australia's Limestone Coast region.
- 4.7 Notwithstanding the constraints, the Spade Consultants report notes the strong recognition of Cape Bridgewater in terms of tourism to Glenelg Shire. The Glenelg Shire Tourism Research Report (2011) (GSTRR), which included extensive surveys provided insights into specific areas of interest and visitation by tourists to the municipality. Although recognising the GSTRR is now 7 years old, I believe the findings are unlikely to have materially changed in the intervening period. These included:
- 23% of all daytrip visitors associated Glenelg Shire with Cape Bridgewater
 - 40% of daytrip visitors travelled to Cape Bridgewater
 - 76% of overnight visitors stayed in Portland
 - 34% of overnight visitors associate the Shire with Cape Bridgewater.
 - The most popular activities undertaken by overnight visitors to the Shire were Sightseeing (60%), Beach (47%) and Eating Out (41%).
- 4.8 In regard to the demand for tourism and commercial accommodation at Cape Bridgewater, the Spade Consultants Report noted the following influences:
- Constrained car parking capacity, which is believed to mainly impact on day visitors
 - Seasonality of tourism in the broader region, whereby demand for tourism can be very limited outside of peak seasons
 - A gap in the local tourism market in terms of integrated higher end accommodation in Cape Bridgewater itself.
- 4.9 The Spade Consultants Report provided a high-level appraisal of two development concepts proposed for Cape Bridgewater. The first – a golf course style development – was regarded as relatively high risk. The second – a high end accommodation development (albeit of limited scale) proposed for the Blowholes Precinct – was considered as having potential in that it satisfies an identified gap in the local tourist accommodation market.

Updated Economic Characteristics

- 4.10 Table 4.2 provides an updated summary of socio-demographic characteristics for the area known as the Cape Bridgewater State Suburb. It should be noted that between

2011 and 2016, the area defined as the Cape Bridgewater State Suburb has been re-defined by the Australian Bureau of Statistics and a portion of the rural hinterland to the east of the township is no longer included. Accordingly, a comparison of 2011 and 2016 data is of little value.

4.11 As highlighted in Table 4.2:

- There is a gender imbalance compared with the Shire of Glenelg and Victoria as a whole with the male population in Cape Bridgewater outnumbering the female population 54% to 46%.
- The median weekly household income at Cape Bridgewater is significant higher than the Shire, and also higher than that of Victoria.
- The median age is significantly higher than the Shire and State average.
- The proportion of the population born overseas is similar to that of the Shire, but significantly lower than that for the state.
- Key industries of employment such as hospitals, agricultural based activities, aluminium smelting and local government administration broadly reflect the Shire average, but are significantly higher than the State average.
- The proportion of households comprising family couples without children is significantly higher than the Shire and State average.
- At 49%, the proportion of dwellings that are permanently occupied is significantly lower than the Shire and State average.

Table 4.2 Selected socio-demographic characteristics, 2016 (Cape Bridgewater, Glenelg Shire and Victoria)

	Cape Bridgewater	Glenelg	Victoria
	2016	2016	2016
Population (usual place of residence)	150	19,557	5,926,624
People			
Male (%)	53.6	49.8	49.1
Female (%)	46.4	50.2	50.9
Average children per family (No.)	1.9	1.8	1.8
Average persons per household (No.)	2.4	2.3	2.6
Median weekly household income	\$1,541	\$1,043	\$1,419
Age			
Median Age (Years)	54	47	37
0 to 14 years (%)	11.4	16.2	18.3
65 years and over (%)	17.1	19.7	15.6
Cultural and language diversity			
Country of birth - Australia (%)	79.0	82.8	50.6
Industry of employment (top responses) (%)			
Hospitals	14.3	6	4.1
Sheep, Beef Cattle and Grain Farming	7.1	3.2	0.3
Aluminium Smelting	9.5	5.8	0.0
Local Government Administration	9.5	N/A	1.3
Family composition (%)			
Couple family without children	59.1	46.6	36.5
Couple family with children	40.9	36.6	46.3
Dwellings (%)			
Occupied private dwellings	49.0	82.1	88.3
Unoccupied private dwellings	51.0	17.9	11.7

Source: Australian Bureau of Statistics (2016 Census of Population and Housing)

5 RESPONSE TO SUBMISSIONS

- 5.1 In this section of my evidence statement, I consider – from an economic perspective – submissions to Amendment C92 that objected to the application of the Rural Activity Zone.
- 5.2 The purpose of the Rural Activity Zone is to:
- To provide for the use of land for agriculture.
 - To provide for other uses and development, in appropriate locations, which are compatible with agriculture and the environmental and landscape characteristics of the area.
 - To ensure that use and development does not adversely affect surrounding land uses.
 - To provide for the use and development of land for the specific purposes identified in a schedule to the Rural Activity Zone.
 - To protect and enhance natural resources and the biodiversity of the area.
 - To encourage use and development of land based on comprehensive and sustainable land management practices and infrastructure provision.
- 5.3 As proposed, an application for the development and use of land within the Rural Activity Zone for the purposes of a hotel or group accommodation will be a Section 2 use; a planning permit will be required, providing council with a degree of control over the outcome by way of the Decision Guidelines outlined at proposed clause 35.08-5 to the Glenelg Planning Scheme.
- 5.4 As noted in sections 3 and 4 of my evidence, tourism-related activities are promoted in both State and Local policy, and tourism-related activity is a significant economic element of local economy.
- 5.5 Moreover, in my view the provision of higher-end accommodation in a premium geographical landscape such as Cape Bridgewater is a missing element in the overall tourism mix at Cape Bridgewater. In my opinion, such a development has the potential to add profile and brand recognition to Cape Bridgewater.
- 5.6 In my view, demand for high-end accommodation of the scale foreshadowed in the Spade Consultants Report is likely to be well supported by the tourism market. Moreover, should such a development occur it will provide new local employment and complement other local tourist activities.
- 5.7 As noted, my opinions are limited to economic outcomes. I make the assumption that appropriately scaled and designed tourism-related development could occur on the proposed Stage 1 and, in the future Stage 2 Rural Activity Zone land without comprising the environmental values of Cape Bridgewater.

6 SUMMARY OF KEY FINDINGS

- 6.1 Amendment C92 to the Glenelg Planning Scheme proposes to introduce the Cape Bridgewater Structure Plan into the Glenelg Planning Scheme and make relevant changes to local policy. Most significantly, Amendment C92 makes changes to Cape Bridgewater's Settlement Boundary by rezoning land to the Rural Activity Zone. This change is undertaken with a view to facilitating improvements to existing commercial accommodation, and promoting new commercial accommodation facilities, and other tourism related activity.
- 6.2 From an economic perspective, it is my view that such an outcome:
- Is supported by Local and State policy
 - Will provide new local employment and investment opportunities
 - Will assist in offsetting a transition away from secondary industry to service-based industries, a trend that is well established at a national level.
- 6.3 Accordingly, it is my opinion that, from an economic perspective, Amendment C92 to the Glenelg Planning Scheme is strategically justified and should be approved.
- 6.4 I have made all the inquiries that I believe are desirable and appropriate and no matters of significance that I regard as relevant have to my knowledge been withheld.



Chris McNeill
Director and Senior Economist
Essential Economics Pty Ltd

17 April 2018

ATTACHMENT:

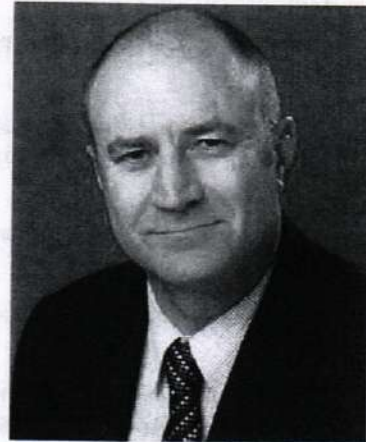
Chris McNeill CV



Chris McNeill

BACHELOR OF ECONOMICS (MONASH)

Director



Chris is a demographer and urban economist with more than 25 years of experience. He is armed with a deep knowledge of Australia's urban landscape and is a regular conference presenter and expert witness in matters relating to urban planning and development.

DISCIPLINES, SKILLS, QUALIFICATIONS

Chris has a Bachelor of Economics degree and post-graduate Certificate qualifications in international business from the Siemens business school in Germany. He is a Member of the Victorian Planning and Environmental Law Association and a former Sessional Member of Planning Panels Victoria.

Chris has worked in the manufacturing industry as a commercial manager, and as an urban economist with an industry association and as a consultant in private practice. Chris was appointed as a Sessional Member of Planning Panels Victoria for an eight year period between 2005 and 2031 during which he chaired a

number of significant Panels and Advisory Committees.

His urban economics experience covers a range of projects in urban and regional economic development and land use planning; industry sector analysis; residential, commercial, industrial and retail location and development; development contributions plan analysis and review; community infrastructure planning; urban policy analysis and concept feasibility testing; and appearing as expert witness at planning appeal tribunals and panels.

Chris has a passion for regional Australia and he also has extensive experience in both growth area economics and urban renewal projects. Chris has extensive experience in analysing demographic trends and projections and casting his mind forward to how current trends may shape our future. He has been a regular and entertaining presenter at a range of conferences and boardroom presentations, exploring various aspects of Australia's demographic future.

ACADEMIC QUALIFICATIONS

*Bachelor of Economics, Monash
University, 1990*



PAST POSITIONS

Director, Spade Consultants Pty Ltd,
2007 -2017

Policy Director, Urban Development
Institute of Australia (Victoria) , 2002-
2006

Senior Manager, Ernst & Young, 2001-
2002

Commercial Manager, Telstra Limited,
2000

Commercial Manager, Australian
Defence Industries Limited , 1997-1999

Senior Commercial Officer, Siemens
Limited, 1991-1996

*Studied and worked in Germany as part
of Siemens Limited Management
Program, 1992-1993

*Sessional Member, Planning Panels
Victoria, 2005-2013

RELEVANT EXPERIENCE

The following represents a sample of
projects undertaken by Chris McNeill in
his former role as a Director with Spade
Consultants Pty Ltd.

Urban Policy Analysis

*Armstrong Creek Development
Contributions Analysis*, for Coles

*Ballarat West Development Contributions
Plan analysis and expert evidence*, for
G&N Closter

*Cost Benefit Analysis of Level Crossing
Removals (Mitcham, Rooks and
Springvale Roads)*, for VicRoads

*Fishermans Bend High Density Residential
Concept Testing*, for Urban Development
Institute of Australia (Victoria)

*Heidelberg Parking Strategy and expert
evidence*, for Banyule City Council

*Northland High Density Residential
Development Concept Testing*, for
Department of Sustainability and
Environment

*Viability of higher density residential
development in middle Melbourne*, for the
Priority Development Panel

*Watergardens High Density Residential
Concept Testing*, for QIC

*Werribee Riverbend Precinct Concept
Testing*, for Department of Sustainability
and Environment

Strategic and Urban Planning

*Cape Bridgewater Structure Plan
economic inputs*, for Mesh Planning

*Darebin Economic Land Use Strategy and
expert evidence* , for City of Darebin

Horsham North Urban Design Framework,
with SJB Urban

Mornington Aged Care Analysis, for AMP
Capital Investments

*Nathalia and Numurkah Industrial Land
Demand and Feasibility Study*, for
Nathalia Community Bank

Numurkah Economic Development Plan,
for Moira Shire Council

Seymour Structure Plan, with Tract
Consultants for Mitchell Shire Council

Residential and Aged Care Assessment

*Armstrong Creek Residential Land
Assessment and expert evidence*, Dennis
Family Corporation

*Bacchus Marsh Residential Land
Assessment*, for Planning Studio on Peel

Ballarat Residential Land Assessment, for
Thorney Investments

Ballarat Residential Land Assessment, for
G&N Closter Pty Ltd

*Bendigo Housing Strategy review and
evidence*, for Urban Development
Institute of Australia (Victoria)

*Cape Patterson Residential Land
Assessment and expert evidence*, for
Wallis Watson

Churchill Residential Land Assessment,
for Tract Consultants

*Coronet Bay Residential Land Assessment
and expert evidence*, for Thorney
Investments



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Cowes Residential Land Assessment and expert evidence, for Lechte Corporation

Drouin Residential Land Assessment and expert evidence, for Planning Central

Koo Wee Rup Residential Land Assessment, for Brosnan Engineering Services

Kyneton Residential Land Assessment and expert evidence, for ZFN Management Services

Melbourne Inner North Residential Market Assessment, for Department of Planning and Community Development

Nyora Residential Land Assessment, for Wallis Watson

Riddells Creek Residential Land Assessment, for Alan Bravo

Shepparton North East Growth Area Residential Land Assessment, Mondous Property

Torquay Residential Land Assessment and expert evidence, Amex Corporation

Warragul Residential Land Assessment and expert evidence, for Planning Central

Warrnambool Housing Strategy Analysis and expert evidence, for Rodgers Properties

Woodend Residential Land Assessment and expert evidence, for Villawood Properties

Retail, Commercial, Industrial and Tourism Analysis

Mildura Industrial Land Assessment and expert evidence, for Turk Superannuation Fund

Nathalia and Numurkah Industrial Land Demand and Feasibility Study, for Nathalia Community Bank

Proposed Theme Park Economic Assessment, for Beveridge Williams

Regional Urban Development Program (Industrial), for Department of Planning and Community Development

Tocumwal Foreshore Masterplan Economic Benefits Analysis, Berrigan Shire Council

Wangaratta CBD Master Plan Economic Benefits Analysis, Wangaratta City Council

Other

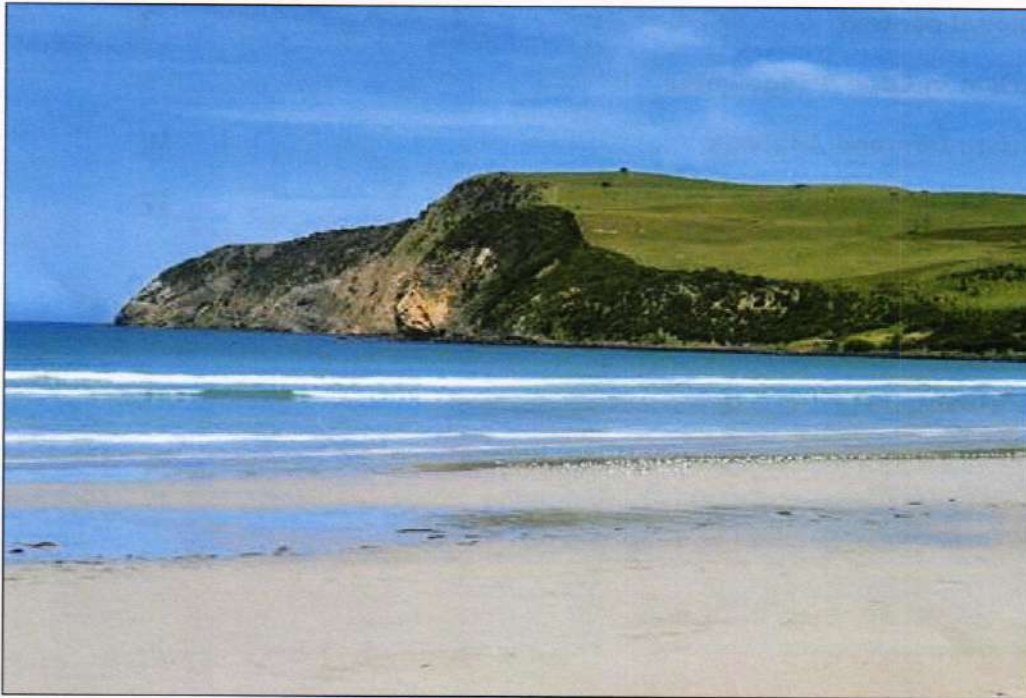
VCAT and Planning Panels Victoria - Role as Expert Witness on behalf of private and public sector clients

Sessional Member, Planning Panels Victoria (2005 - 2013)

Urban Economics for Property Developers – UDIA Victoria, preparation and presentation for industry property development course (annual, between 2009 and 2013)

ATTACHMENT:

**Background Economic Report – Spade
Consultants Pty Ltd (September 2016)**



TOURISM OPPORTUNITIES ASSESSMENT: Cape Bridgewater Structure Plan

Prepared for Glenelg Shire Council

September 2016



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Disclaimer

It is important to recognize that the projections contained in this report simply reflect the assumptions made. While the assumptions are based on an objective assessment of economic trends and their likely future dynamics, there can be no certainty that they will be realized. Spade Consultants Pty Ltd does not guarantee that this report is without flaw or is wholly appropriate for your particular purposes and therefore disclaims all liability for any error, loss or other consequence which may arise for you relying on any information in this Report.



SUMMARY OF FINDINGS

- a) Cape Bridgewater is located 21 kilometres west of Portland in Victoria's south-west. The township comprises some 45 dwellings with a permanent population of, at most, 80 persons. The town is heavily shaped by its stunning natural setting and exists because of it. Tourism is the primary economic driver of the town with a significant number of dwellings built as weekenders and holiday homes and available for rental. Several other buildings offer 'Bed n Breakfast' accommodation while others offer group facilities in the form of campsites. Several tourist operators including a well established 'seal tours' operate from Cape Bridgewater. The cape itself is a key part of the Great Southwest Walk and is well regarded amongst hikers.
- b) The town faces a number of limitations in respect of harnessing new and expanded tourism opportunities. These include:
- The tight geographical and environmental confines and limited scope to expand;
 - Limited scope for expanding the car parking area adjacent to the beach;
 - Little or limited reticulated urban infrastructure and the costs associated with provision.
 - The distance and travel time from Melbourne to Cape Bridgewater which is in excess of four hours by car and limited alternative methods of transport.
 - The highly seasonal nature of tourist visitation and the fact there is no passing traffic places a constraint on the growth of the town's commercial sector.
 - The nearest major centre (Portland) is relatively close (21 kilometres) but is not generally perceived as a major tourist destination.
- c) Visitation analysis indicates Cape Bridgewater is well known and highly regarded by those who visit the Shire of Glenelg. Tourism spending in Cape Bridgewater is limited by the ability of the town to expand its accommodation and commercial sector. Even so, a number of opportunities have been identified that may allow Cape Bridgewater to consolidate and expand its tourist offerings within its narrow confines:
- The provision of an integrated high end accommodation venue in the form of a limited contemporary hotel or apartment style accommodation complex with dining and recreational facilities.
 - Improvements to the beachfront café.
 - Better promotion of short circuit walks within the broader Great Southwest Walk network with a focus on Cape Bridgewater.
 - The potential for a music festival on a local farming property.
 - Broader promotion of fishing and surfing competitions.
 - Targeting of cruise ship visitors to Portland promoting Cape Bridgewater as a 'must see' attraction when visiting Portland.
 - Better Cape Bridgewater in the Victorian and South Australian tourism market.
- d) Two identified tourist proposals were appraised, albeit at a high level. The first, a golf course resort development several kilometers out of Cape Bridgewater is considered to face a number of significant obstacles in terms of commercial viability. The second, a hotel including dining and function facilities located adjacent to the existing township is considered to have merit and warrants further investigation.



1 REGIONAL CONTEXT

1.1 Geographical Context

Cape Bridgewater is a small coastal township located 18 kilometres west of Portland in south-west Victoria. The town is situated on the eastern side of the geographical feature also known as Cape Bridgewater. Map 1 provides a local geographical context highlighting the Cape Bridgewater's proximity to Portland.

Map 1: Cape Bridgewater Local Context



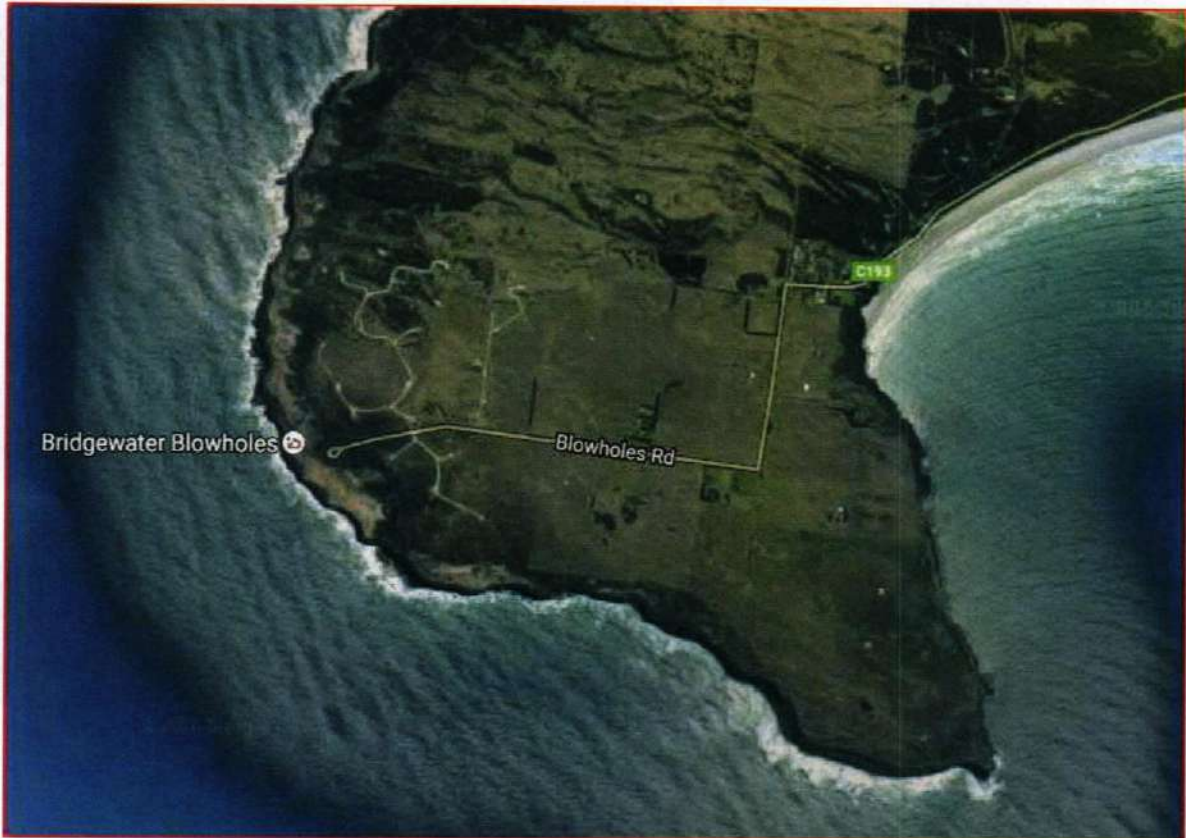
Source: Google Maps

Image 1 provides a closer perspective and highlights the rugged western face of the cape where blowholes and other geographical formations provide a contrast with the eastern face of the cape where the sloping farmland descends towards the township and the extensive beach area. Also located on the western side of the cape and identifiable in Image 1 area are a series access roads leading to a number of wind turbines which form part of a larger cluster of wind turbines located across the broader Portland area.

The Cape Bridgewater township itself is identified in Image 1 by the road identifier C193.



Image 1: Local Context



Source: Google Maps

Image 2 provides a closer image of the Cape Bridgewater township. The town comprises of two specific parts;

- An area along Bridgewater Road that sits just above sea level and directly overlooks the beach. Within this area are a number of houses, the surf lifesaving club, a café/restaurant (Bridgewater Bay café), car parking and public toilets and several accommodation based businesses; and
- A elevated residential area primarily located Flinders Street and Panoramic Drive which afford sweeping views of the bay and to Port Nelson in the distance. While this area is largely residential in appearance, a number of dwellings are available for accommodation purposes.

Image 2: Cape Bridgewater township



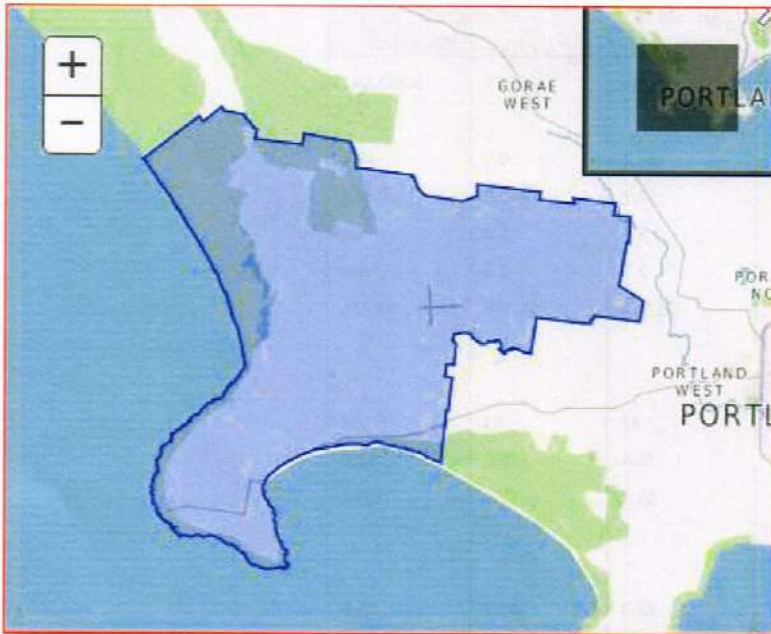
Source: Google Earth Pro

1.2 Socio-economic profile

Capturing and presenting accurate data about the actual Cape Bridgewater township is relatively difficult as smallest area for which statistics are collected by the Australian Bureau of Statistics for Cape Bridgewater is the 'State Suburb' area of Cape Bridgewater which covers a far greater area than the Cape Bridgewater township area that is the subject of the Structure Plan. The State Suburb area (Map 2) includes a significant rural hinterland with 148 dwellings recorded at the 2011 National Census.



Map 1: Cape Bridgewater State Suburb



Source: Australian Bureau of Statistics

Table 1 provides a snapshot of key socio-economic data for the State Suburb of Cape Bridgewater. As the geographic boundaries of the area in which data for the Cape Bridgewater area changed between 2006 and 2011, no meaningful comparison of socio-economic data can be made between census periods and therefore no analysis of how the area is changing can be undertaken.

Even so, some general observations can be made about the Cape Bridgewater district. These include:

- There is a significant gender imbalance compared with the Shire of Glenelg and Victoria as a whole with males outnumbering females 57% to 43%.
- The median weekly household income at Cape Bridgewater is significant higher than the Shire and State average;
- The median age is significantly higher than the Shire and State average;
- The proportion of the population born overseas is similar to that of the Shire but significantly lower than that for the state;
- Key industries of employment such as agricultural based activities and non-ferrous metal manufacturing broadly reflect the Shire average but are significantly higher than the state average;
- The proportion of households comprising family couples without children is significantly higher than the Shire and state average;
- At 64%, the proportion of dwellings that are permanently occupied is significantly lower than the Shire and State average.



Table 1: Selected socio-economic data, 2011 (Cape Bridgewater, Glenelg Shire and Victoria)

	Cape Bridgewater	Glenelg	Victoria
Population (usual place of residence)	255	19,575	5,342,042
People			
Male (%)	57.3	50.0	49.2
Female (%)	42.7	50.0	50.8
Average children per family	2.1	1.8	1.9
Average persons per household	2.7	2.3	2.6
Median weekly household income	\$1,522	\$1,148	\$1,216
Age			
Median Age	47	43	37
0 to 14 years (%)	15.4	18.6	18.6
65 years and over (%)	15.4	17.7	14.2
Cultural and language diversity			
Country of birth - Australia (%)	88.3	87.2	68.6
Industry of employment (top responses) (%)			
Sheep, Beef Cattle and Grain Farming	9.0	8.0	0.9
Basic Non-Ferrous Metal Manufacturing	6.9	6.5	0.1
School education	6.9	5.2	4.4
Hospitals	6.9	5.7	3.9
Family composition (%)			
Couple family without children	51.2	44.1	36.7
Couple family with children	37.5	39.4	46.0
Dwellings (%)			
Occupied private dwellings	64.2	84.0	88.7
Unoccupied private dwellings	35.8	16.0	11.3

Source: Australian Bureau of Statistics (2011 National Census)



1.3 Cape Bridgewater Township

While data specific to Cape Bridgewater township is not available, several conclusions can be drawn from available statistics, aerial imagery and site inspections and stakeholder consultation. These include:

- There are approximately 45 dwellings in the township area. These represent a mix of those that are:
 - permanently occupied;
 - used as weekenders/holiday houses by the owners;
 - permanently available for accommodation; and
 - used as weekenders/holiday houses and are sometimes available as accommodation.

It is difficult to accurately determine the permanent population of Cape Bridgewater township though stakeholder consultation indicates a that a figure of around 80 residents can be regarded as permanent.



2 TOURISM IN CAPE BRIDGEWATER

2.1 Image and attractions

In some respects, Cape Bridgewater is one of Victoria's great secrets. It carries high brand recognition and very high regard from those who are aware of it, but low brand recognition from many others. While Cape Bridgewater can be promoted as part of Victoria's tourism fabric, it can also be seen as a logical addition to South Australia's south-east tourism assets including Mount Gambier and the Limestone Coast and the Coonawarra wine region.

Cape Bridgewater is much loved for its rugged scenery, the beauty of the main beach and the opportunities it affords for eco and nature based tourism. The Cape is home to a colony of up to 650 fur seals and has the highest coastal cliff in Victoria.

Cape Bridgewater forms a key feature in the iconic Great South West Walk, a 250 kilometre circuit walk that includes Portland, Cape Nelson, Cape Bridgewater, Bridgewater Lakes and Discovery Bay Coastal Park.

Seals, dolphins, whales and sharks provide marine based tourist attractions with 'Seals by Sea Tours' providing boat rides into the heart of the seal colony.

The Glenelg Shire Tourism Research Report completed by consultants Urban Enterprise in 2011 undertook extensive surveys to underpin its data and conclusions. It found that 23% of all daytrip visitors to the Shire of Glenelg associate the Shire with Cape Bridgewater and that 40% of daytrip visitors travelled to Cape Bridgewater itself. This indicates strong recognition of Cape Bridgewater's attractions amongst visitors and/or good signage and promotion in Portland highlighting Cape Bridgewater.

As well as Cape Bridgewater township and attractions around the 'pointy end' of the Cape (ie blowholes, hiking and marine life tours), there are other attractors to the north-west including Bridgewater Lakes and sand dunes of Discovery Bay Coastal Park. Both round out the list of attractions associated with the broader Cape Bridgewater area. It should be noted that a number of accommodation options are located outside the township and in close proximity to Bridgewater Lakes and Discovery Bay Coastal Park.

2.2 Benefits of the tourism industry

The economic importance of tourism to a destination is commonly underappreciated and extends well beyond core hospitality and transportation sectors. Tourism provides additional expenditure across a range of industry sectors including transportation, entertainment, recreation, retail, food and beverage and accommodation. The combined impact of a healthy tourism economy can be felt in terms of:

- Increased employment from directly influenced positions such as tour guides, hotel and accommodation staff, bus services, recreation based and attractions based staff and in food and beverage staff. Indirectly, employment is boosted across a range of industries that support elements of the tourism industry.



- Increased spending in the local community including money spent directly by tourists and increased expenditure by businesses and individuals in the local economy as a result of tourism revenue.
- Increased diversification with less reliance on traditional and core industries such as (in Cape Bridgewater's case) agriculture.
- Increased Council and taxation revenues meaning that more money is available for infrastructure. There is sometimes a valid counter-argument to this point where it can be suggested that additional infrastructure may not be required but for the number of tourists placing undue strain on existing capacity.
- Social advantages associated with an improved sense of pride in local communities, allowing the development of a distinct local identity.
- Economic, social and cultural opportunities, whereby entrepreneurs provide new life and create economic opportunity for others.

2.3 Tourism Assets

The Cape Bridgewater area has a number of distinctive natural attractions including:

- Highest coastal cliff in Victoria;
- Blowholes
- Petrified forest (actually hollow tubes of Limestone)
- Cape Bridgewater Beach
- Bridgewater Lakes
- Discovery Bay Coastal Park (massive sand dunes)
- Hiking around the Cape itself
- Great South West Walk (250 kilometre circuit walk which includes Cape Bridgewater)
- Seal colony tours (by boat)

Accommodation

Table 2 provides an overview of accommodation both in the township area and in the broader Cape Bridgewater area. Note, the table does not include Portland based accommodation.

Most accommodation is based around the availability of houses not permanently occupied or purpose built dwellings associated with a main house which are rented out as 'B n B' style accommodation options.

In total, it is estimated there is capacity for around 85 guests in dwelling style accommodation units in the Cape Bridgewater township as well as more than 40 backpackers style beds, 65 beds in hut style accommodation as well as camping opportunities. In the broader Cape Bridgewater area (particularly in the Bridgewater Lakes area) a further 40 guests can be accommodated in various 'B n B' style accommodation options.



Table 2: Cape Bridgewater Accommodation

Name	In Structure Plan Area?	Guests	Beds	Price per night (from)
Panoramic Drive Holiday House	Yes	6	4	180
Bridgewater Beach Villa	Yes	7	5	200
The Bathing Box	Yes	4	3	180
Seal Cove	Yes	6	4	141
Panoramic View	Yes	8	6	238
Amoria Beach House	Yes	4	3	180
Blue Horizon Beach Apartments	Yes	5	4	150
Bridgie	Yes	6	5	298
Blue Horizon Apartment 2	Yes	5	3	162
Blue Horizon Apartment 1	Yes	5	3	162
Berry's by the bay	Yes	7	4	330
Devlin's Cottage by the Sea	Yes	2	1	132
Cape Bridgewater Accommodation	Yes	6	3	180
Sea View Lodge	Yes	Multiple		100
Cape Bridgewater Coastal Camp	Yes			
Seal Huts (Backpacker)		43		
Campsites			12 sites	
Various huts		65		
Shelly Beach Retreat	No	8	7	185
Discovery Bay Cottage	No	4	4	150
The Lakes House	No	8	6	200
Bridgewater Studio	No	7	4	162
Bushland Retreat	No	2	1	115
Abalone Beach House	No	8	6	210

Source: Various including Airbnb, Stayz and local websites

2.4 Limitations to the expansion of tourism at Cape Bridgewater

While the natural landscapes, marine life and beach area of Cape Bridgewater represent a strong tourism package in terms of attracting additional visitors to the area, there are a number of constraints and limitations to larger scale expansion of tourism at Cape Bridgewater. These include:

- The tight geographical confines and there limited scope to expanding the township area;
- Limited scope for expanding the car parking area adjacent to the beach;



- Constraints presented by little or limited reticulated urban infrastructure and the costs associated with provision.
- The distance and travel time from Melbourne to Cape Bridgewater. At in excess of four hours travel time, Cape Bridgewater is regarded as to distance from the state's primary population catchment to represent a comfortable and easy standard weekend destination. At best, Cape Bridgewater represents a long weekend destination which places a significant limitation on visitation.
- The limited number of cruise ships presently stopping at Portland. It should be noted that ongoing cruise ship stops at Portland and any future increase in the number of cruise ships stopping at Portland represents a significant opportunity for Cape Bridgewater and, in particular, the township's commercial sector.
- There is no public transport to Cape Bridgewater. In recent years, Portland airport has undergone significant upgrades to accommodate commercial flights. Sharp Airlines currently has two flights per day (Monday to Friday) between Portland Airport and Essendon Airport.
- The limited scale of Cape Bridgewater township along with the fact the town benefits from no passing traffic inhibits the size and scale of the town's commercial or retail sector again presenting a limitation in terms of food and beverage offerings.
- The nearest major centre (Portland) is relatively close (21 kilometres) but is not generally perceived as a major tourist destination.
- The lack of association with South Australia's south-east region and its tourism assets (such as Mount Gambier and the Limestone Coast and the Coonawarra wine district) afforded to Cape Bridgewater. Many visitors to one region or the other are unaware of the synergies and proximity between regions.

Table 3 provides an overview of several selected tourist destinations. The key criteria is that of 'Travel time from Melbourne'. As is evident, at more than four hours travel time Cape Bridgewater represents a considerable journey when compared with any number of other tourist destinations.

Table 3: Comparison of key tourist attributes (Selected Destinations)

	Cape Bridgewater	Airey's Inlet	Port Campbell	Inverloch	Milawa	Marysville
Travel time from Melbourne (road)	4hr, 20 mins	1hr, 36 mins	2hrs, 44 mins	1hr, 49 mins	2hrs, 48 mins	1hr, 51 mins
Attractions	Beach, natural landscapes, marine wildlife, walking	Beach, natural landscapes	Natural landscapes	Beach, natural landscapes	Natural landscapes, alpine peaks, food and wine	Natural landscapes
Commercial and retail facilities	Limited	Several	Several	Numerous	Several	Several

Source: Spade Consultants



3 TOURISM DEMAND ANALYSIS

3.1 Source data

There are two primary sources of data relating to tourism and visitor numbers;

- a) Glenelg Shire Tourism Research Report (Urban Enterprise), 2011
- b) Local Government Area Profile (Tourism Research Australia), 2014

Both documents relate primarily to the Shire of Glenelg, rather than to Cape Bridgewater specifically.

The Glenelg Shire Tourism Research Report (GSTRR) is based on extensive surveys undertaken locally and, in that regard, provides 'bottom up' data that is considerably more detailed than the Local Government Profile provided by Tourism Research Victoria. The GSTRR is dated 2011.

Tourism Research Australia (TRA) is an independent government agency that provides evidence based data to support policy, investment, planning and marketing direction for the tourism industry. TRA provides a wide range of tourism based data including local government area profiles.

Table 4 provides an overview of key measures including a comparison of macro-level data from the GSTRR survey and the TRA Local Government Profile. It is important to note all figures represent a Shire wide measure.

Table 4: A comparison of Glenelg Shire Tourism Research Report (2011) and Tourism Research Australia Local Government Area Profile (2014)

Visitor Groups	Glenelg Shire Tourism Research Report		Tourism Research Australia - Local Government Area Profile	
	Visitor Days 2010	Total Visitors 2010	Visitor Days 2014	Total Visitors 2014
Number of visitors staying in Commercial Accommodation	447,296	127,799		
Number of visitors staying in caravan parks	43,380	11,568		
Number of visitors staying in paid accommodation	490,676	139,367		
Number of visitors staying in their holiday home	132,864	36,330		
Number of visitors staying with friends or relatives	100,108	28,602		
Total number of overnight visitors	723,648	204,299	546,000	161,000
Total number of daytrip visitors	280,017	280,017	170,000	170,000

Source: Glenelg Shire Tourism Research Report (Urban Enterprise, 2011), Tourism Research Australia – Local Government Area Profile, 2011



It is evident when comparing the two data sources that the TRA Local Government Area Profile assumes a significantly lower level of visitation than the figures derived from survey results in the GSTRR.

The TRA Local Government Area Profile also provides data relating to average stay, average spend per trip, average spend per night and average spend per night when in commercial accommodation. Notably, the final figure is broadly consistent with the overnight accommodation rates for Cape Bridgewater outlined in Table 5.

Table 5: Tourism Research Australia Additional Data

	International	Domestic Overnight	Domestic Day
Average stay (nights)	4	3	
Average spend per trip (\$)	376	523	73
Average spend per night (\$)	98	155	
Average spend (commercial accommodation) per night (\$)	130	208	

Source: Tourism Research Australia – Local Government Area Profile, 2011

The GSTRR survey provided a number of key indicators that relate directly to Cape Bridgewater. These include:

- 23% of all daytrip visitors to the Shire of Glenelg associate the Shire with Cape Bridgewater;
- 40% of daytrip visitors travelled to Cape Bridgewater.
- 38% of daytrip visitors associate Glenelg Shire with the Coast while 23% associate the Shire with Cape Bridgewater specifically.
- 76% of overnight visitors stayed in Portland.
- 17% (34,730 persons) of overnight visitors stayed in Cape Bridgewater.
- 34% of overnight visitors associate the Shire with Cape Bridgewater.
- The most popular activities undertaken by overnight visitors to the Shire were Sightseeing (60%), Beach (47%) and Eating Out (41%).

It is possible to interrogate these measures with reference to the range expressed in terms of Shire wide visitation expressed in Table 3; specifically that:

- Visitor days range between 546,000 and 723,000
- Total visitors range between 161,000 and 204,000
- Daytrip visitors range between 170,000 and 280,000



3.2 Discussion

Therefore, analysing the specific findings of the GSTRR it is possible to draw the following findings:

- If 40% of daytrip visitors to the Shire travelled to Cape Bridgewater, this represents between 68,000 and 112,000 persons per annum or between 186 and 307, on average, each day.
- If 17% of overnight visitors to the Shire stay overnight at Cape Bridgewater, this represents between 27,370 and 34,680 overnight visitors per annum or between 75 and 95 overnight visitors each day. If overnight visitors to Cape Bridgewater mirror the 'stay' patterns of that of the overall Shire, this equates to between 92,820 and 122,910 visitors per annum or, on average, between 254 and 337 visitors effectively sleeping at Cape Bridgewater each night.

Feedback from accommodation operators at Cape Bridgewater indicates a high level of seasonality in terms of visitation and accommodation demand with late December, January and Easter representing periods of peak demand and winter representing the lowest period of the year.

Based on the commercial accommodation capacity outlined in Table 2, it is considered unlikely that the overnight visitor figures outlined above are capable of being achieved and, in that regard, they may be overstating demand. The key qualifications to this assessment is the number of hikers undertaking the Great South West Walk and the extent to which accommodation in a broader context may be included as 'Cape Bridgewater' in the GSTRR.

In any event, tourism demand including demand for commercial accommodation and commercial facilities at Cape Bridgewater is influenced by and constrained by a number of key factors. These include:

- **Car parking capacity:** Stakeholder consultation provided feedback noting the limitations in terms of car parking along the beach on Bridgewater Bay during peak summer season. The impact is likely to be primarily on daytrip visitation and, subsequently, the further development of the commercial sector in Cape Bridgewater. It is understood that providing additional car parking may be difficult and that, as a result, this constraint may be permanent.
- **Seasonal factors:** Stakeholder feedback indicated that outside the peak periods outlined above, demand for accommodation can be very limited (particularly during winter). This is not unusual in Victorian coastal townships. There is possible merit in reframing the tourism 'pitch' for Cape Bridgewater to appeal to a specific winter market in which the rugged and bleak visual appeal of the Cape is harnessed. In this regard it is suggested that something along the lines of "Cape Bridgewater: Ireland's west coast on our doorstep" may appeal to visitors whose idea of a winter's break includes walks along the beach or across the Cape followed by an afternoon reading beside a warm fire and a warm dinner.
- **High end accommodation:** there appears to be a gap in Cape Bridgewater's accommodation market in terms of integrated high end accommodation. While the Cape Bridgewater area is well provided for in terms of holiday house style



accommodation and 'bed n breakfast' accommodation, the Cape is not well provided for in terms of contemporary hotel or apartment style accommodation where dinner and other activities are provided on the one site.

- Food and beverage purchases are made before arrival: because the permanent population is relatively small, there is no passing traffic and the tourism market highly seasonal, commercial and retail development at Cape Bridgewater is limited to the beachfront cafe. As such, visitors and holiday makers undertake their 'shop' prior to arrival. In reality, regardless of the potential for niche tourist opportunities there is little likelihood of significant development of a commercial sector in the township;

Even so, tourism demand and therefore demand for commercial accommodation and commercial facilities at Cape Bridgewater could be increased by:

- Better promotion of shorter circuit walks within the Great Southwest Walk area catering for day walkers or overnight walkers. At present, there may be a misconception that the Great Southwest Walk is targeted primarily at extreme hikers and is not family or seniors friendly.
- Better promotion of Discovery Bay Coastal Park and, particularly, the appeal of the giant sand dunes to families with younger children.
- The potential for a music festival held on a local property (farm).
- Broader promotion of fishing and surfing competitions.
- Encouraging further improvements to the look, feel and offerings of the beachfront cafe.
- Creating better recognition of Cape Bridgewater within the South Australian tourism market and, specifically, the tourism in the Mount Gambier and Limestone Coast and Coonawarra wine region.
- Targeting of cruise ship visitors stopping at Portland by promoting Cape Bridgewater as a 'must see' attraction when spending a half day or full day in Portland.



4 DEVELOPMENT PROPOSALS ASSESSMENT

Several specific tourist based accommodation concepts have been proposed for the Cape Bridgewater area in recent years. Two specific concepts are considered.

4.1 Golf Course Resort Concept

Description

One tourism development proposal relates to land in Peacocks Road in which the owner has sought a rezoning of land from the Rural Conservation Zone to the Special Use Zone for the purposes of developing a "world class golf course, resort and accommodation units."¹

The concept provides for high end resort and accommodation facilities which are argued to be in short supply in the Cape Bridgewater area. The submission also notes advantages to both Cape Bridgewater and the broader Portland area through:

- Improvements to Portland airport as a result of national and international tourists visiting the region;
- Improved local infrastructure including the potential delivery of reticulated sewerage and water to the Cape Bridgewater township as a result of the proposed development;

The proponent sought 'in principle' Council support for the development proposal before embarking on more detailed and costly background reports and studies. It is understood the proposal has not been taken any further at this point of time.

With little to no detail available it is impossible to undertake a detailed economic assessment as to the viability of a Golf Course Resort concept at Cape Bridgewater. It is however possible to consider the concept in broad economic terms.

¹ Glenelg Planning and Development Services (Letter dated 20 June 2008 to Glenelg Shire Council in respect of the Glenelg Shire Futures Plan Review).



Image 3: Proposed gold course resort approximate location



Source: Google Earth Pro (modified by Spade Consultants)

Appraisal

Golf course developments are typically associated with both high establishment costs and high operating costs. Proposals are frequently accompanied by residential development components in which the sale of residential land fronting the golf course is used to affray establishment costs. Unfortunately, a number of high profile golf course developments (with accompanying residential developments) have not met with financial success.

A notable exception, and one that provides a reasonable comparison to Cape Bridgewater, is Barnbogle on Tasmania's north coast which has met with a high level of success. The Barnbogle development comprises two separate courses (the first was opened in 2004), accommodation, several food and beverage options and spa and wellbeing facilities.



Image 4: Barnbougale golf course from Lost Farm Restaurant



Source: Barnbougale Golf (website)

There are a number of factors to take into account in comparing a potential golf course resort at Cape Bridgewater with the established development at Barnbougale. These include:

- **Market:** Barnbougale has managed to attract a high proportion of domestic weekender and short stay golfers with a particular emphasis on 'boys weekends away'. Additionally, the domestic business market has embraced the concept. In this regard, the development proposal's emphasis on national and international visitors may be misplaced. Melbourne alone (and its environs) represents a local market of some 5 million persons.
- **Access:** Barnbougale represents a (approximately) one hour flight from Melbourne followed by a one hour drive from Launceston to the town of Bridport (where the Barnbougale course is located). Flights to Launceston are regular and the city is serviced by a major airport with regular commercial services provided by jey airlines. While Portland Airport has undergone significant upgrades in recent years and can accommodate commercial flights, the frequency and scale of services are not at the same level as Launceston.
- **Established tourist market:** Tasmania is an established tourist market and Launceston is one of the state's two principal gateways for the tourism market and a tourism destination in its own right. While south-west Victoria is well regarded as a tourist destination it is not in the same league as Tasmania is terms of brand recognition and tourism numbers.
- **Associated tourism opportunities:** A trip to Barnbougale is easily attached or complemented by other holiday and tourism opportunities. Even the drive from Launceston to Bridport can be complemented by a stop at a number of renowned

wineries. Again, while south-western Victoria is well regarded as a tourism destination, it does not have the same brand recognition as Tasmania.

As it is not possible to review a detailed proposal it is not possible to undertake a detailed assessment of a golf course proposal. While the success of such a venture cannot be ruled out, we observe that such developments are regarded as high risk and require a carefully nuanced marketing campaign to establish brand recognition to capture a sufficient target market. We anticipate that any such development would operate in direct competition with an established market competitor such as Barnbougle in Tasmania.

4.2 Cape Bridgewater high end accommodation

Description

A development comprising high end accommodation is proposed on the south side of Bridgewater Road in the Cape Bridgewater township (Image5). The two level development comprises 16 apartments overlooking Bridgewater Bay (with capacity for more than 32 guests) along with dining facilities, a conference room, recreation area and bar and outdoor pool. The design incorporates contemporary architecture and appears to provide for a relatively 'up market' appearance. The proposal also includes a cabin/caravan park at the western end of the property.

Image 5: Proposed high end accommodation (layout option)



Source: Image provided by Glenelg Shire Council



Appraisal

At 16 apartments, the proposal is of a relatively modest scale and addresses what is regarded as an identifiable gap in the Cape Bridgewater accommodation market; integrated high end accommodation which could be booked by groups or individuals. The location is adjacent to Cape Bridgewater township and would provide for stunning views along Bridgewater Bay generating a 'wow' factor that is considered essential to the success of any such investment.

It is not possible to provide a high level economic assessment of the proposal as no costings are available. As with any accommodation based investment, its success will be reliant on achieving an acceptable occupancy rate at the price point required to generate a return on the investment.

Based on our assessment and experience, the proposal appears to address a current gap in the accommodation market and the proposed location is considered to be acceptable. We further understand the proposal also contemplates a number of potential campsites at the western end of the site. These may represent a secondary source of income and associated tourism with the hotel part of the development.

Another use for the land at the western end of the site (adjacent to Blowholes Road) may be to consider additional residential allotments, albeit limited in number and carefully located to avoid visual mass. The key benefit derived the provision of some residential land development on the site is that it may act to defray the substantial establishment costs associated with a hotel development.



3 PLANNING CONTEXT

- 3.1 In this section of my evidence statement, I consider the planning context from an economic perspective.

State Policy

- 3.2 Clause 11 of the Glenelg Planning Scheme seeks to anticipate and respond to the needs of existing and future communities through the provision of zoned and serviced land for housing, employment, recreation and open space, commercial and community facilities, and infrastructure.
- 3.3 Clause 11.07 (Regional Victoria) seeks to develop regions and settlements that have a strong identity, are prosperous and are environmentally sustainable.
- 3.4 Clause 11.11 (Great South Coast) seeks to strengthen the region's economy through increased industry diversification, innovation and development.

Local Policy

- 3.5 Clause 21.01 (Municipal Strategic Statement) notes:
- The growing significance of tourism in the municipality (Key Issues and Influences)
 - Supporting quality tourism development (Economic Development)
- 3.6 Clause 21.02 (Objectives, Strategies and Implementation Themes) seeks to:
- Encourage population growth within and immediately around the existing towns to (including) increase job opportunities
 - Establish an urban edge to all settlements to ensure that the direction of development is known to all residents and to facilitate certainty for both developers and surrounding agricultural land uses
 - Ensure decisions to rezone additional land for urban purposes are informed by (including) - the demonstrated need for additional urban land having regard to current urban zoning and land supply and demand.

Strategies

- 3.7 Additionally, a number of state and local strategies inform and direct policy context, including:
- Victorian Coastal Strategy (2014)
 - Great South Coast Regional Growth Plan (2014)
 - Glenelg Sustainable Settlement Strategy (2012)

Comments on the Planning Context

- 3.8 In my opinion, the Cape Bridgewater represents a classic case of a small coastal township with high quality environmental assets where a clear balance is required between promoting sustainable tourism development, and ensuring ongoing protections are provided in the planning scheme for the natural assets that make the township special in the first place.

4 ECONOMIC CONTEXT

- 4.1 This section of my evidence statement considers the economic context relating to the proposed rezoning (and potential future rezoning) of land south of Bridgewater Road from the Rural Conservation Zone to the Rural Activity Zone.

Importance of Tourism to Cape Bridgewater and Glenelg Shire

- 4.2 Tourism Research Australia (2016) data for Glenelg Shire indicates there are 231 tourism-based businesses in the Shire, with 56 businesses employing 5 to 19 employees, and 5 businesses employing more than 20 persons. Significantly, most tourism-related expenditure and employment is contained within the municipality.
- 4.3 Table 4.1 provides a summary of visitor related data and underlines the significance of tourism to the municipality. As highlighted in the table, visitor numbers are derived primarily from domestic overnight and domestic day visitors. In terms of spending however, the relative importance of international visitors is far more important.
- 4.4 International visitors generally fall into two specific types; backpackers for whom spending is relatively limited, and family or older visitors who, on average, spend a significant amount of money and for whom accommodation and 'experiences' is an important component of visitation.

Table 4.1 Summary of Visitor Numbers and Visitor Spend – Glenelg Shire (2016)

	International	Domestic Overnight	Domestic Day	Total
Visitors (000's)	11	158	215	384
Nights (000's)	50	491	-	540
Average Stay (nights)	4	3	-	3
Spend (\$m)	4	66	24	93
Average spend per trip (\$)	336	415	111	242
Average spend per night (\$)	75	134	-	128

Source: Tourism Research Australia

- 4.5 Much of the economic rationale is contained in the background economic report "tourism Opportunities Assessment (Spade Consultants, September 2016). I refer specifically to:

Benefits of the tourism industry

The economic importance of tourism to a destination is commonly underappreciated and extends well beyond core hospitality and transportation sectors. Tourism provides additional expenditure across a range of industry sectors including transportation, entertainment, recreation, retail, food and beverage and accommodation. The combined impact of a healthy tourism economy can be felt in terms of:

- *Increased employment from directly influenced positions such as tour guides, hotel and accommodation staff, bus services, recreation-based and attractions-based staff and in food and beverage staff. Indirectly, employment is boosted across a range of industries that support elements of the tourism industry.*
- *Increased spending in the local community including money spent directly by tourists and increased expenditure by businesses and individuals in the local economy as a result of tourism revenue.*
- *Increased diversification with less reliance on traditional and core industries such as (in Cape Bridgewater's case) agriculture.*
- *Increased Council and taxation revenues meaning that more money is available for infrastructure. There is sometimes a valid counter-argument to this point where it can be suggested that additional infrastructure may not be required but for the number of tourists placing undue strain on existing capacity.*
- *Social advantages associated with an improved sense of pride in local communities, allowing the development of a distinct local identity.*
- *Economic, social and cultural opportunities, whereby entrepreneurs provide new life and create economic opportunity for others.*

Tourism Assets

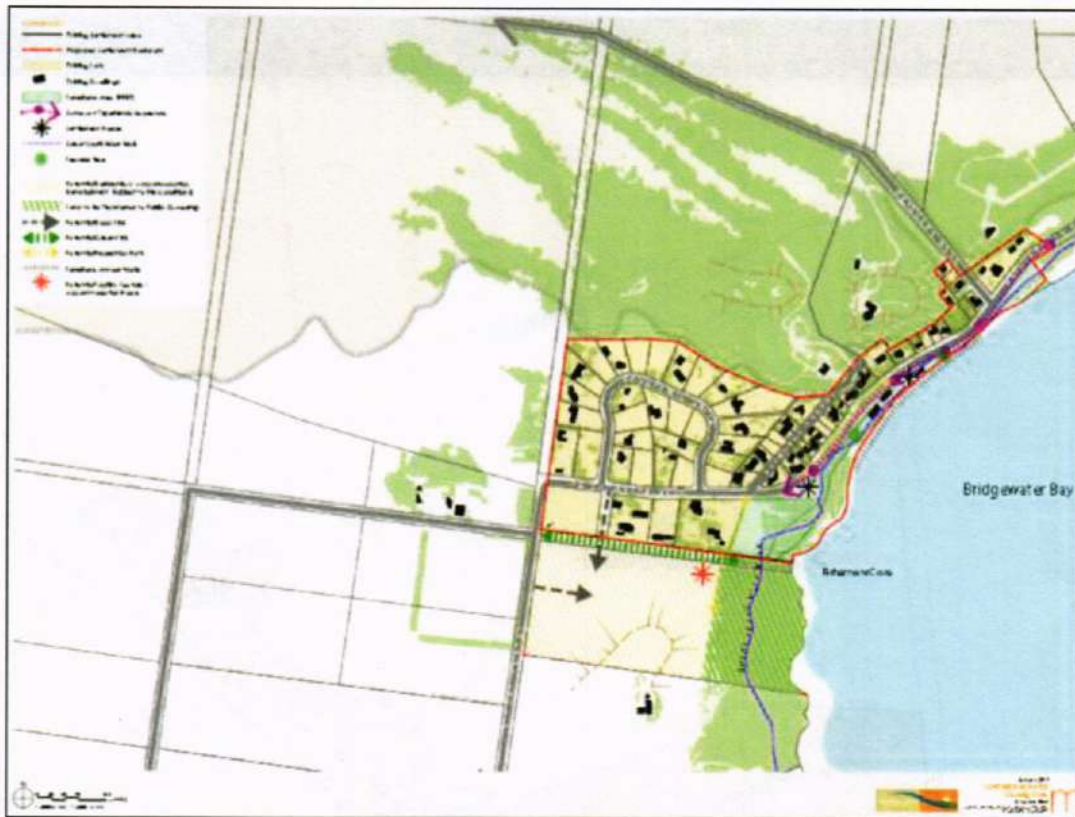
The Cape Bridgewater area has a number of distinctive natural attractions including:

- *Highest coastal cliff in Victoria*
- *Blowholes*
- *Petrified forest (actually hollow tubes of Limestone)*
- *Cape Bridgewater Beach*
- *Bridgewater Lakes*
- *Discovery Bay Coastal Park (massive sand dunes)*
- *Hiking around the Cape itself*
- *Great South West Walk (250 kilometre circuit walk which includes Cape Bridgewater)*
- *Seal colony tours (by boat).*

4.6 In the Spade Consultants report, I also acknowledged that, in economic terms, a number of constraints and limitations existed in terms of potential tourism growth at Cape Bridgewater. These included:

- The tight geographical confines and the limited scope to grow the township
- Limited scope capacity for increasing car parking capacity
- Infrastructure constraints (including limited reticulated urban infrastructure)
- The distance and travel time from Melbourne to Cape Bridgewater

Figure 2.2 Proposed Cape Bridgewater Settlement Boundary



Source: Amendment C92 to the Glenelg Planning Scheme – Explanatory Report

- 2.6 The Structure Plan contains significant references to landscape, environment and cultural factors, and a number of recommendations are made in relation to boundaries, interfaces, access and built form. These recommendations seek to ensure any future development is undertaken with regard for the natural landscapes that require ongoing protection. I do not provide comment on the appropriateness of the proposed protections as this is not my area of expertise.
- 2.7 Rather, I provide comment on the economic rationale for providing additional land (specifically in the Rural Activity Zone) at Cape Bridgewater for the purpose of advancing tourism facilities.

Figure 2.1 Proposed Rural Activity Zone Amendment Area



Source: Amendment C92 to the Glenelg Planning Scheme documentation

2 AMENDMENT C92 TO THE GLENELG PLANNING SCHEME

- 2.1 In this section of my evidence statement, I provide an overview of Amendment C92 to the Glenelg Planning Scheme.

Amendment C92

- 2.2 The Amendment proposes to implement the Cape Bridgewater Structure Plan (June 2017). Specifically, the amendment:
- Amends Clause 22.01 to make reference to the Cape Bridgewater Structure Plan (June 2017).
 - Inserts Clause 22.07 (Cape Bridgewater) to apply a settlement boundary and include consideration of design guidelines contained within the Cape Bridgewater Structure Plan.
 - Rezones land from Rural Conservation Zone to Rural Living Zone for the majority of the settlement.
 - Amends the Schedule to the Rural Living Zone to include a setback trigger to dwellings for development within Cape Bridgewater settlement.
 - Rezones land from Rural Conservation Zone to Rural Activity Zone Schedule 1 in the nominated Accommodation Precinct specified in the Cape Bridgewater Structure Plan.
 - Inserts Clause 35.08 Rural Activity Zone into the Glenelg Planning Scheme.
 - Inserts Schedule 1 to the Rural Activity Zone to identify land in the Accommodation Precinct specified in the Cape Bridgewater Structure Plan.
 - Amends Map 34SLO to delete the Significant Landscape Overlay Schedule 3 from land rezoned to Rural Living Zone and Rural Activity Zone in Cape Bridgewater.
- 2.3 The Cape Bridgewater Structure Plan June (2017) (the Structure Plan) has been prepared and adopted by Council. The amendment is required to implement Stage 1 of the Cape Bridgewater Structure Plan. This identifies a vision and sets objectives by precinct for this coastal settlement through a set of planning scheme controls.
- 2.4 Notably, Stage 1 of the Structure Plan seeks to rezone an area of land, currently occupied (in part) by the Cape Bridgewater Coastal Camp, from the Rural Conservation Zone to the Rural Activity Zone. This area is identified in Figure 2.1.
- 2.5 A future Stage 2 Amendment is foreshadowed in the Structure Plan which would see the so-called Blowholes Precinct also rezoned to the Rural Activity Zone, subject to preconditions set out in the Structure Plan. The proposed revised Settlement Boundary accommodating the Stage 1 and Stage 2 Rural Activity Zone areas is identified at Figure 2.1.

(d) I have considered the relevant documents disclosed by the parties to the proceeding and the documents listed in this report.

1.9 I note that I was previously engaged by Mesh Urban Planning and Design to provide a background economic report as an input into the Cape Bridgewater Structure Plan. The report, dated September 2016, is attached to this evidence statement as an appendix.

1.10 I further note the above-mentioned report was undertaken by me as 'Spade Consultants Pty Ltd', my employer prior to Essential Economics Pty Ltd.

1 INTRODUCTION

1.1 Professional Details

- 1.1 My name is John Christopher McNeill and I practice as a Director and Senior Economist at Essential Economics Pty Ltd of 96 Pelham Street, Carlton.
- 1.2 I hold the degree of Economics from Monash University. A copy of my CV is attached to this statement.

1.2 Area of Expertise

- 1.3 My area of professional expertise is urban economics and the economic analysis of urban policy.
- 1.4 My opinions expressed herein are, to the context relevant, made by me in reliance upon my above expertise.
- 1.5 I am a member of the Victorian Planning and Environmental Law Association.

1.3 Instructions

- 1.6 I have been instructed in this matter by Matthew Berry, Planning Manager at Glenelg Shire Council.
- 1.7 My instructions in this matter are as follows:
 - (a) Consider proposed Amendment C92 to the Glenelg Planning Scheme (Cape Bridgewater Structure Plan), specifically in relation to the economic rationale for promoting additional tourism development at Cape Bridgewater;
 - (b) Prepare an expert report focussed on economic issues;
 - (c) Appear as an expert witness at the Panel Hearing for Amendment C92 to the Glenelg Planning Scheme.
- 1.8 In preparing this statement:
 - (a) I note that, as a witness giving evidence (by report, or otherwise) in a proceeding as an expert, I have a duty to assist the Panel and that this duty overrides any obligation that I may have to any party to the proceeding or to any person who is liable for my fee or expenses in this matter;
 - (b) I have neither received nor accepted any instructions to adopt or reject any particular opinion in preparing this report;
 - (c) I have made all the enquiries which I believe are desirable and appropriate and that no matters of significance which I regard as relevant have, to my knowledge, been withheld from the Panel;

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Authorship

Report stage	Author	Date	Review	Date
Draft report	Chris McNeill	17 April 2018	John Noronha	17 April 2018
Final report	Chris McNeill	17 April 2018		

Disclaimer

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

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ESSENTIAL ECONOMICS

**Evidence and Presentation
Amendment C92 to the Glenelg Planning
Scheme**

Expert Witness Statement

Chris McNeill

Director - Essential Economics Pty Ltd

April 2018

ATTACHMENTS:

1. Amendment C92 to the Glenelg Planning Scheme: expert witness statement dated April 2018, from Chris McNeill, director of Essential Economics Pty Ltd.
2. Two-page document dated 29 April 2010, prepared by Max Dolman, director of Coastal Real Estate in Portland, Victoria. These two combined documents show there were two separate proposed offers to purchase the Cape Bridgewater Coastal Holiday Camp in that period was between 1.2 and 1.3 million dollars.
3. The final Ferrier Hodgson Corporate Advisory (FHCA) financial report, dated 3 May 1995, and two subsequent letters of December 1995 from my own arbitration financial accountant DMR Corporate, disagreeing with the findings of FHCA. FHCA was the arbitration resource unit assisting the arbitrator in valuing the relevance of my evidence supporting my six-year claim. Please note: the FHCA and DMR information is not submitted for the Act of Grace assessors to value whether the FHCA or DMR Corporate assessment is correct or not. I add the report because page 18 of the FHCA report acknowledges plans were drawn up for certain additional facilities and a planning permit was received for a mobile structure. These structures were the two buildings Portland Aluminium was **donating** to support my Eco Tourism Venture. I discuss this attachment above and emphasise it again because of the importance of the statements made in the FHCA report concerning the proposed venture, which was to be fully funded by sponsorship.
4. A letter, dated 6 March 1998, from Parks Victoria to me acknowledging that tourism into Cape Bridgewater had increased over as number of years.
5. Appraisal for Environment Projects dated January 1997, prepared by D J Reeve of Cleaner Production Australia.
6. This memorandum of 30 March 1995, provided to Warwick Smith, Telecommunications Industry Ombudsman (administrator to my arbitration), by Susan Hodgkinson of FHCA. We document the relevance of this attachment again because the bullets on page two and three of this memorandum discuss Telstra's defence of my claim, and do not, in any way, coincide with AUSTEL's adverse findings regarding my matters (see Open Letter Evidence/Files No/4 to 7).
7. A two-page document prepared by Freeman Loss Assessors during my 1994/95 arbitration with Telstra. The 'GE' and 'Barry' mentioned in the second-last line of page two are Garry Ellicott and Barry O'Sullivan, the assessors who valued Smith's losses. O'Sullivan is now The Hon Senator Barry O'Sullivan, National Party, Queensland.
8. Page 38 of the award prepared by the arbitrator, Dr Gordon Hughes, resulting from my Telstra-related arbitration.
9. This document, dated 22nd September 1994, is a transcript taken during an oral interview at the Commonwealth Ombudsman's office, with AUSTEL representatives Bruce Matthews and John McMahon. On page 7 of this manuscript, Commonwealth Ombudsman's officer John Wynack asks, "*What was the date the report was issued, the AUSTEL report?*" Mr Matthews replies:

“The final report was April – I can’t remember the date in April, but April 1994. The draft report was produced in March 1994 and Telecom received their copy of that at the time.”

10. This document titled Department of Communications Information Technology and the Arts – Casualties of Telstra (COT) Background and Information For Ministers Office does not mention AUSTEL’s adverse findings against Telstra in March 1994.
11. A CD disk discussed above.