



LIVING CITY

An Assessment of its Regional Benefits and Opportunities

Prepared for Devonport City Council

FINAL – December 2014

HillPDA
CONSULTING



EXECUTIVE SUMMARY

LIVING CITY will not only be a critical step in the economic development and transformation of Devonport City but in the broader North West Region of Tasmania. As a transformational tool, the successful implementation of LIVING CITY will have significant economic benefits from the beginning of construction works in 2016 including the generation of:

801

Approx. 801 direct construction job years¹ in the local economy

\$280m

Over \$280 million in construction value

2,150

Nearly 2,150 indirect job years in the broader economy resulting from the construction phase of LIVING CITY

\$650m

Nearly \$650 million in broader economic multiplier effects generated from the construction phase of LIVING CITY

830

Nearly 830 full-time operational jobs in Devonport CBD plus significant indirect jobs in the broader regional economy

\$112m

Over \$112 million in additional output generated annually by the operational phase of LIVING CITY

¹ One job year equates to one job for one person for one 12 months.

In addition to its economic benefits, LIVING CITY will transform the CBD and provide significant social and public amenity benefits.

On the basis of these benefits, **LIVING CITY** has received strong community support and commitment from local and State Government. It has been recognised by regional body representing the nine councils of the Cradle Coast as a project of major regional significance.

These benefits will be supported by LIVING CITY's objective to launch Devonport as a major international tourist gateway and destination in its own right. Devonport's CBD will be revitalised and have better connectivity with the Mersey River, capitalising on its cultural and recreational potential. At the same time, it will grow as a location that visitors from all over the world can use as a base to explore the North West Region and sample the area's rich and varied produce amongst its scenic backdrop.

The increased tourism appeal of the North West Region generated by LIVING CITY development will assist in Tasmania reaching the State Government's target of attracting 1.5 million visitors each year to Tasmania by 2020. Indeed, through LIVING CITY, and the focus on providing a food 'experience' showcasing the varied fresh produce from around the region, the North West is well placed to capitalise on Tourism Tasmania's additional marketing investment and trade missions to Asia.

Importantly, in addition to the economic benefits generated by LIVING CITY, there will be social and amenity benefits to be enjoyed by local communities. Devonport CBD will be transformed to provide improved commercial and cultural spaces whilst the retail experience will be brought together in a consolidated CBD.

Overall, LIVING CITY seeks to stimulate sustainable and broad based growth that attracts residents and businesses to Devonport and the wider North West Region of Tasmania.



Source of the Economic Benefits

Our research, stakeholder engagement and modelling identifies that the benefits of LIVING CITY will largely stem from seven key areas:

1. **Job Generation** – the successful implementation of LIVING CITY would generate jobs through construction (an estimated 801 job years), as well as through construction multiplier effects (i.e. potentially a further 2,143 job years), and the operation of new retail, commercial, civic and cultural facilities (an estimated 830 jobs).
2. **Output Benefits** – the operational phase of LIVING CITY will generate additional output¹ through the employment generated on-site in new facilities (an estimated net additional \$112 million per annum).
3. **Construction Related Benefits** - an estimated \$281m in construction related investment would be created through the development of proposed buildings and facilities within Devonport CBD, including an estimated 17,000sqm of new retail floorspace, 7,000sqm new commercial floorspace, new car parking, conference and hotel facilities, associated cafes and restaurants as well as cultural facilities such as a relocated Devonport Regional Gallery and Artist's Walk over the Mersey River.
4. **Production And Consumption Induced Construction Multiplier Benefits** – these benefits (an estimated \$648 million during the construction phase of LIVING CITY) would in part be secured by communities and businesses of the broader North West Region that provide inputs (i.e. goods and services) into the construction process.
5. **Retail Expenditure** – additional expenditure would be generated for the benefit of local businesses as a result of spend from:
 - Additional CBD workers (estimated at \$2.1m per annum);
 - Additional CBD residents (estimated \$0.5m per annum);
 - Visitors and tourists (estimated at \$4.3m per annum); and
 - Construction workers (estimated at \$2.01m over the course of the Master Plan's implementation).

¹ The end value of all goods and services produced in the economy on an annual basis

6. **Tourism Related Expenditure** – in addition to retail expenditure, even a modest increase in tourists staying overnight in Devonport or the North West Region (i.e. +10 per cent of existing day visitors) can generate a notable economic benefit. This modest increase has the potential to increase visitor spend by \$721,000 per annum to the benefit of existing and prospective businesses.
7. **Tourism Multiplier Benefits** - applying multiplier effects to our calculations above could see the wider economy benefit further than just those sectors where visitors directly spend their money. On this basis it is estimated that a further \$3.1m per annum could be generated through economic multipliers as a result of tourists staying within the LIVING CITY hotel development, and over \$500,000 per annum should 10 per cent of day visitors choose to stay overnight in the Region².



² Please note these impacts would vary by sector. For example if the tourism offer of the CBD was focussed on food and the food sector, then the multiplier impact of the tourism dollar will be focussed on food. This would have a greater flow-on benefit to food producers across the Region than it would do were the tourism focus on sport for example.

Getting the Asset Base and Positioning Right

The 'food and beverage industry' is therefore considered a major asset and attractor on which to build economic prosperity for the Region.

Each component of LIVING CITY combines to provide a platform for economic growth that is greater than the sum of its individual parts.

To successfully achieve and implement the significant benefits calculated and summarised by this Study, our Stakeholder engagement and research has identified the importance of building on the existing regional assets whilst addressing existing challenges.

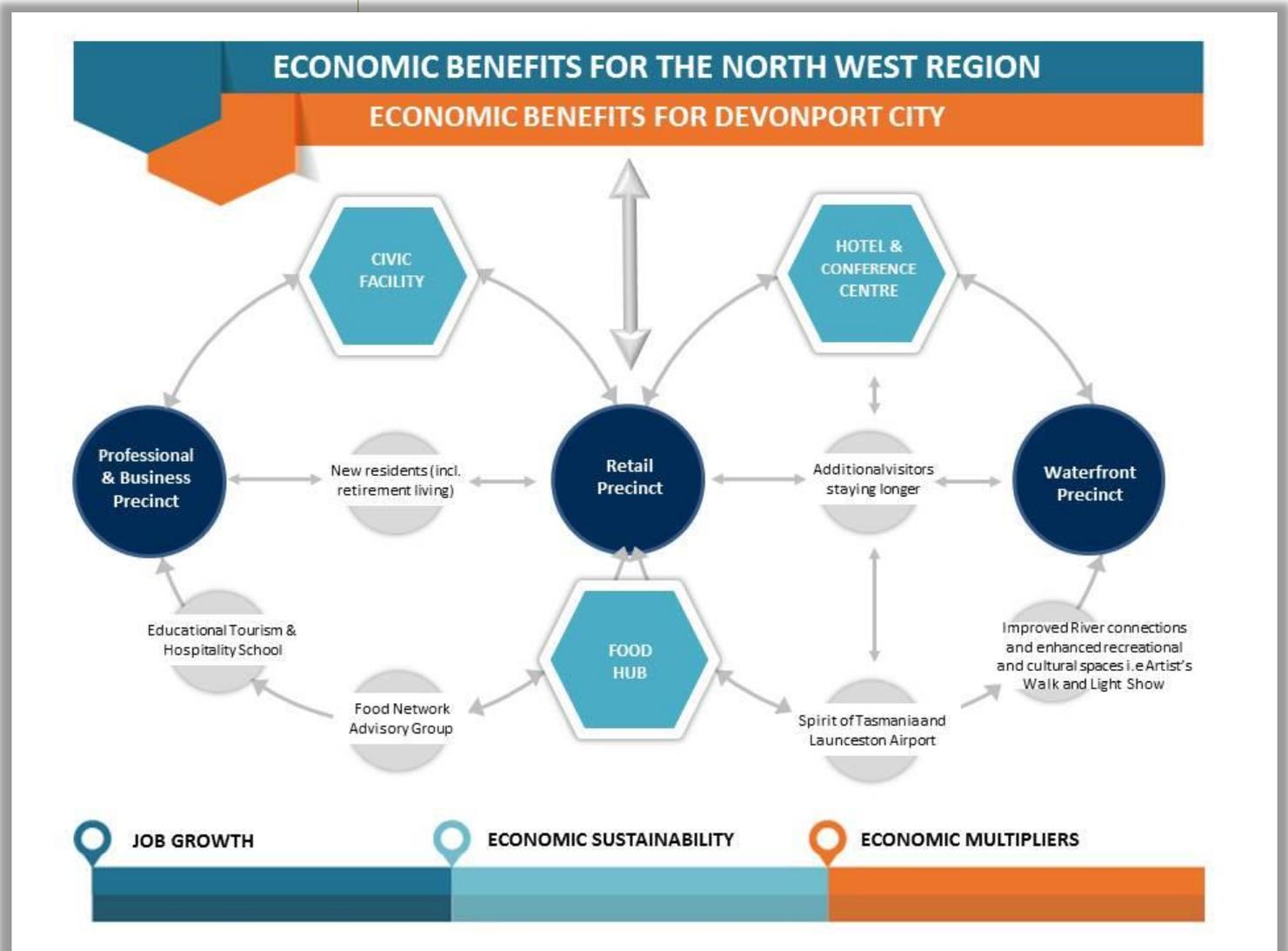
Accordingly, the Study has identified:

- The importance of building on and reconnecting with Devonport's cultural, historical and visual assets including the Mersey River, which has lost its visual and perceived connection with parts of Devonport CBD;
- The need to work with the Spirit of Tasmania to better connect with and support the notable number of existing and potential passengers that arrive or could arrive in Devonport;
- To enhance Devonport's role as a destination in its own right for these visitors including its tourist offerings such as the Devonport Regional Gallery and the proposed Artist's Walk, retail offer, high quality accommodation, and quality food experiences showcasing the region's quality food produce;
- The need to promote this offer and the significant environmental and agricultural value of the broader North West Region (including existing initiatives such as Tasting Trails) via tools such as an interactive touch wall to pass the benefits onto associated industries;
- The need to increase the number of day and overnight visitors to both Devonport and the Region so as to support the commercial viability of running larger tourist facilities;
- The need to better support the retail needs of existing communities as well as visitors by reinforcing Devonport CBD as a key location for the North West Region and by investing in its retail offer as well as the appeal of its environment; and
- The need to build on existing assets as such the food and beverage industry via improved links with mainland markets, a North West Region 'Food Experience' and waterfront cafes and restaurants.

A Cohesive Ambition

Our analysis of the opportunities and challenges referenced above has been based on the important inter-relationship between each of the elements of LIVING CITY. These individual factors combine to reinforce each other and form a platform for economic growth across the North West Region that is greater than the sum of its individual parts. This interrelationship is depicted in the Figure below.

Figure 1 - The Economic Inter-Connections of LIVING CITY



Moving forward - Opportunities and Challenges

To support the successful implementation and delivery of LIVING CITY, our tourism and economic research of best practice examples has identified the importance of:

- Additional funding and leadership from Government to act as a catalyst for change;
- Ongoing community and stakeholder input as well as support; and
- The need to celebrate and ‘tell the world’ about LIVING CITY via a range of marketing and social media measures.
- Determination of specific development options for the food hub and Waterfront Precinct;
- Determination of the hotel size and elements; and
- The visitation and yield associated with new attractions-experiences.

Importantly, there also needs to be recognition that the ability to generate stronger visitor growth and higher spend patterns will be predicated on:

- The clustering of tourism related product together so co-location is important;
- Ensuring that a sufficient number of tourism elements are undertaken as a limited number will be reflected in lower visitation and associated economic benefits;
- The need to ensure services standards and training occurs to enable the business community to meet market expectations; and
- The necessity to include realistic marketing programs and budgets to increase local, regional visitor, state wide visitor and interstate visitor market awareness of the programs and visitor attractions.

Critical to the success of the Project over the longer term will be additional Government funding to enable the transformation of Devonport's Waterfront Precinct and stimulate broader flow on benefits.