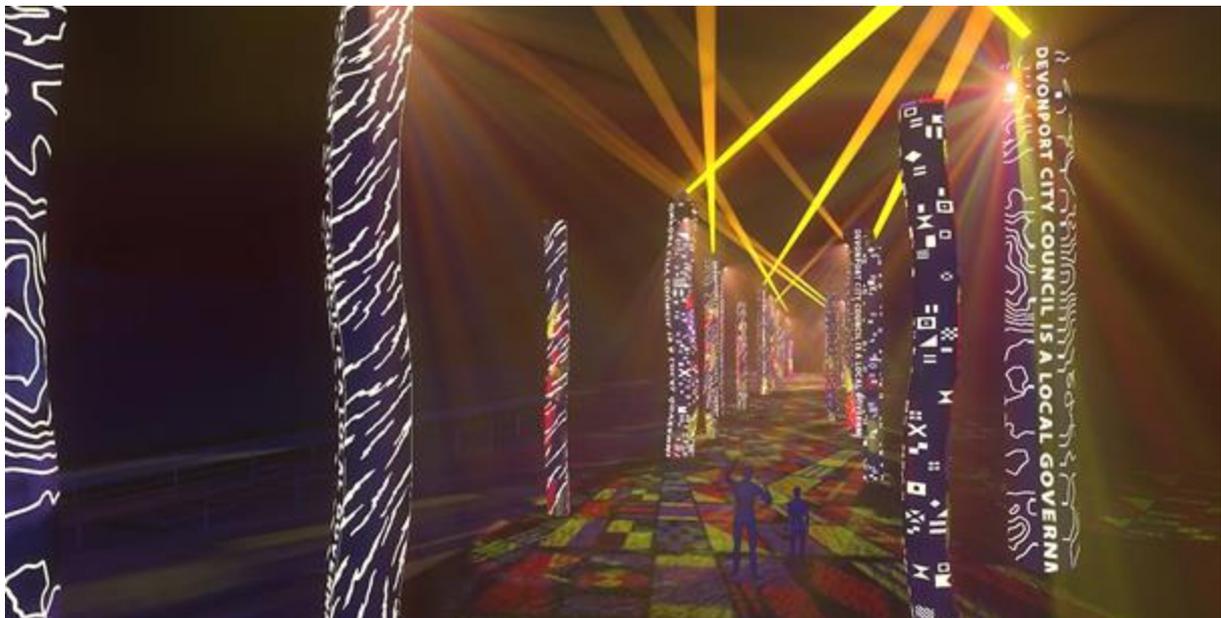


DEVONPORT SOUND & LIGHT SHOW

Economic Impact Assessment



Prepared for Devonport City Council

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Executive Summary

HillPDA was engaged by Devonport City Council to prepare a preliminary Economic Impact Assessment (EIA) of the proposed Devonport Sound and Light Show.

Economic Benefits

An economic benefits snapshot of the proposed exhibit is as follows.

Table 1 - Executive Summary

Sound & Light Show	
During construction (1)	
Economic Activity	 \$4.0 mil <small>(GVA: \$1.5 mil)</small>
On-site FTE Jobs Years	 5.8 <small>(3.1 Devonport Residents)</small>
Total FTE Job Years from Construction	 9.1 <small>(4.9 Devonport Residents)</small>
Wage revenue generated	 \$438,000 <small>(\$232,000 Devonport Residents)</small>
Post-construction tourism related benefits (2)	
Economic Activity	 \$4.4 mil <small>(GVA: \$2.3 mil)</small>
FTE Job Years Created	 13.7 <small>(8.0 Devonport Residents)</small>
Staff Remuneration	 \$510,000 <small>(\$285,000 Devonport Residents)</small>
General	 Project will contribute to civic pride and the ongoing evolution of Devonport as a desirable investment and visitor destination

1. Based on an estimated construction cost of \$2.5 million (\$2020)

2. Based on one year of operation driving tourism in the LGA up by 2.5% on 2018 levels.

1.0 INTRODUCTION

1.1 Purpose

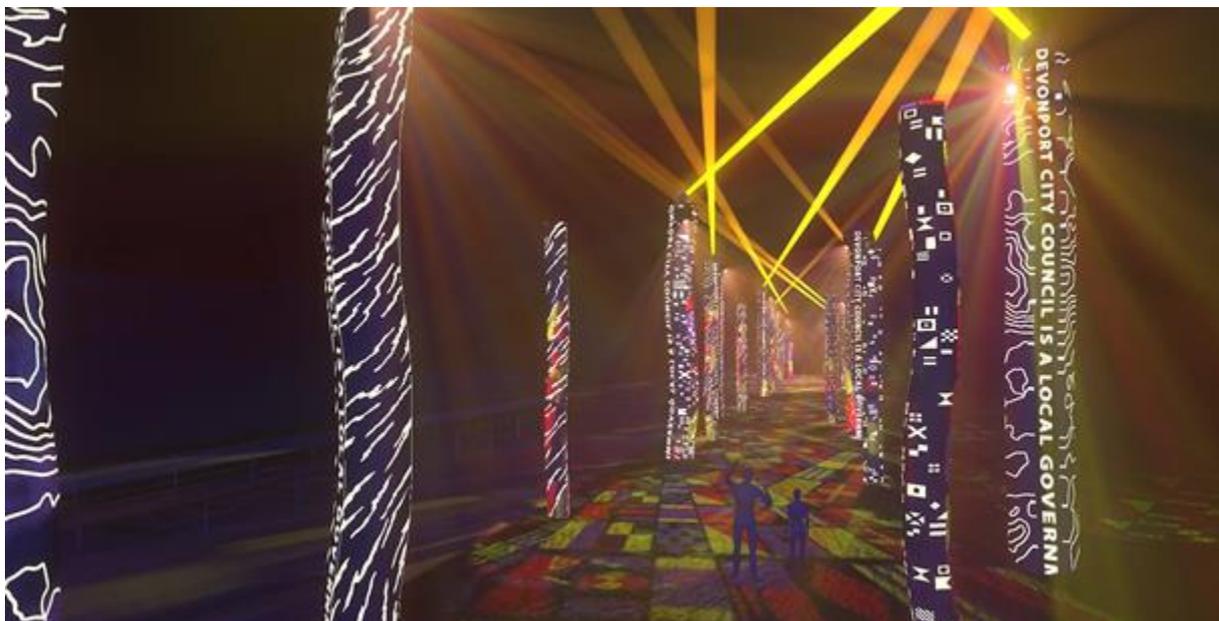
HillPDA was engaged by Devonport City Council to prepare a preliminary Economic Impact Assessment (EIA) of the proposed Devonport Sound and Light Show.

This report provides an assessment of economic impacts that may arise as a result of the proposed project and considers how the exhibit is aligned with local and state government strategies.

1.2 The Exhibit

The proposed Sound and Light Show in Devonport will be freely available to patrons and located within Roundhouse public park. The exhibit will showcase the natural environment and present the story of Devonport's history through art. Each viewing of the exhibit will last approximately 20 minutes and will present an immersive, child friendly, display of colour and patterns. The potential appearance of the exhibit operational is shown in Figure 1 below.

Figure 1 - Devonport Sound and Light Show Example



Source: Devonport City Council

2.0 ECONOMIC POLICY REVIEW

2.1 Devonport Living City Master Plan

The Living City Master Plan seeks to establish Devonport as a dominant tourist destination in the North-West of Tasmania, through arts, food and services. Doing so will boost the local economy and employment. In this vision, a key pillar is to ‘strengthen the regional attraction of the North West Tasmania and Tasmania’s tourist market’ through making Devonport a ‘must-see’ destination.

The introduction of a Devonport Sound and Light Show is aligned with this vision, strengthening the portfolio of tourist attractions in Devonport which is currently lacking in evening events.

The Sound and Light Show is expected to incentivise both local, day-trip visitors and interstate travellers to lengthen the portion of their Tasmania trip in Devonport. Evidence of this, further discussed in Section 4.1, is the increase in annual tourism expenditure in Warrnambool (Vic) following the introduction of the evening *Flagstaff Hill Sound and Light Show* in 2017. The introduction of this tourist attraction saw a 6.6% increase in the annual figure for domestic overnight and international visitors in 2018 and an increase in tourism expenditure of 4.2%¹.

Doing so will increase expenditure across several industries including accommodation, food and beverage services, retail trade, and recreational services. Through this additional demand, the Sound and Light Show would likely incentivise other local businesses and artists to develop evening attractions. This would further increase tourist expenditure and strengthen the local economy.

2.2 Devonport City Council Strategic Plan 2009-2030

The Devonport City Council Strategic Plan seeks to develop a thriving and welcoming regional city with a strong economy. In achieving the third goal of the plan, ‘Growing a vibrant economy’, Devonport will seek to capitalise on opportunities presented by the tourism industry.

The City has a local population of over 25,000 residents and is the sea gateway to Tasmania from the mainland. The region attracts both local day-trippers and overnight visitors (interstate and local), catering to over 500,000 tourists annually.

A Sound and Light Show would assist Devonport in further developing its visitor industry around its natural assets and history.

¹ Tourism Research Australia, Warrnambool(C) Local Government Area Profiles, 2017/2018

3.0 CONSTRUCTION ECONOMIC BENEFITS

3.1 Methodology

In determining the economic impacts in the construction stage of the project, we use the estimated construction cost of \$2.5 million.

The economic impact assessment is carried out using national input-output tables and location quotients, to develop region-specific multipliers. These multipliers illustrate the level of additional economic activity generated by a source industry, at the local government area level.

There are two types of effects captured by multipliers:

Type I - Production Induced Effects: which is made up of:

- *Direct effect:* which constitutes all outputs and employment required to produce the inputs for construction, and an;
- *Indirect effect:* which is the induced extra output and employment from all industries to support the increased production of the construction sector.

Type II - Consumption Induced Effects: which include the effects listed in the Type I multiplier, along with the:

- *Induced effect:* which relates to the demand for additional goods and services due to increased spending by the wage and salary earners across all industries arising from employment.

The source of the multipliers adopted in this report is ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0). HillPDA's internal modelling has determined Devonport LGA specific metrics for evaluation.

3.2 Construction – Output Impact

The construction of the Devonport Sound and Light Show will increase demand in the local construction industry. This in turn will increase the output of both the Devonport construction industry and indirectly affected industries providing ancillary services or catering to increased consumption.

Anticipated growth in Devonport LGA output stemming from construction is shown in the table below. The construction costs approximated at \$2.5mi. are expected to generate \$4.0mil. in output across industries within the Devonport LGA.

Table 2 - Construction Output Impact

	Demand Change	Production Induced Effect	Consumption Induced Effect	Total
Output multipliers	1.00	0.28	0.33	1.61
Output (\$mil.)	2.50	0.70	0.82	4.02

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0) and ABS Census 2016 Data, figures represented in 2019 dollars.

3.3 Construction – Gross Value Added (GVA) Impact

Gross value added (GVA) of an industry refers to the value of outputs less the costs of inputs. It also measures the contribution that the industry makes to the region’s wealth or gross domestic product (GDP). We forecast that the proposed construction will yield an increase in the Devonport region’s GVA of approximately \$1.5mil. based on the Devonport LGA multipliers in Table 3 below.

Table 3 - Construction Gross Value Added Impact

	Demand Change	Production Induced Effect	Consumption Induced Effect	Total
GVA multipliers	0.30	0.11	0.18	0.59
GVA (\$mil.)	0.75	0.27	0.45	1.47

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0) and ABS Census 2016 Data, figures represented in 2019 dollars.

3.4 Construction – Job Creation

Based on the estimated construction cost of \$2.5 mil., 5.8 on-site job years (i.e. one job year is one full-time job for one year) would be directly generated by the proposed development as shown in the table below. Of this, given local job catchment rates in the construction industry, we expect that 3.1 on-site job years will be captured by Devonport residents. In total, the construction is forecast to generate a total of 9.1 job years directly and indirectly, with 4.9 job years to be captured by Devonport residents.

Table 4 - Construction Employment Impact

	Demand Change	Production Induced Effect	Consumption Induced Effect	Total
Employment multipliers	2.32	0.58	0.74	3.64
Job Creation (Total)	5.8	1.4	1.8	9.1
Job Creation (Devonport Residents)	3.1	0.8	1.0	4.9

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0) and ABS Census 2016 Data.

3.5 Construction – Wage Revenue Generated

The below figures have been calculated through adjusting national income multipliers to reflect the Devonport median wages across industries.

Given the median wage in the construction industry in the Devonport LGA, on-site remuneration is forecasted at approximately \$289,000. Of this it is expected that approximately \$153,000 of this total remuneration is captured by Devonport residents. Across all industries, we forecast the additional wage revenue created in the region of approximately \$438,000. Of this \$232,000 will be captured by Devonport residents.

Table 5 - Construction Income Impact

	Demand Change	Production Induced Effect	Consumption Induced Effect	Total
Income multipliers	0.12	0.03	0.03	0.18
Income (\$mil.) (Total)	0.29	0.07	0.08	0.44
Income (\$mil.) (Devonport Residents)	0.15	0.04	0.04	0.23

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0) , ABS Census 2016 Data

4.0 TOURISM ECONOMIC BENEFITS

4.1 The Scenario

In addressing the annual economic impact of the exhibit’s operation, we first consider the increase of tourism demand driven by the operation of similar exhibits. In Warrnambool (Vic), the evening *Flagstaff Hill Sound and Light Show* was introduced in November 2017. The introduction of this tourist attraction saw a 6.6% increase in the annual figure for domestic overnight and international visitors in 2018². This led to a corresponding increase in tourism expenditure of 4.2%. To account for other unobserved reasons for the expenditure increase seen in Warrnambool, we conduct our analysis under a more conservative scenario, increasing annual tourism demand (expenditure) by 2.5% across the LGA.

The ongoing benefit of the Sound and Light Show post construction will primarily relate to the annual economic impact of increased tourism demand, driven by the proposed exhibit. This analysis has been conducted under the following assumptions:

- The Devonport Sound and Light Show will drive an increase in the number of tourists annually, increasing current annual visitor expenditure levels by 2.5%.
- Traveller expenditure calculations are based on 2018 tourism expenditure (domestic and international) in the Devonport City Council Area.
- Traveller expenditure will reflect that of tourists across Tasmania over 2018-19.

With the following assumptions, we have calculated that the demand for tourism will grow by approximately 12,645 tourists annually (2.5% of 2018 Devonport LGA visitors³). With an expenditure per trip of approximately \$206.614 per traveller, the expected growth in annual tourist expenditure in Devonport LGA is calculated at \$2,612,682. This expenditure is expected to be split across industries as listed in Table 6 below.

Table 6 - Change in Industry Tourism Demand

Industry	Demand Change (\$)
Annual Tourist Expenditure	2,612,682
Agriculture, Forestry and Fishing	-
Mining	-
Manufacturing	-
Electricity, Gas, Water and Waste Services	-
Construction	-
Wholesale Trade	-
Retail Trade	724,278
Accommodation and Food Services	905,041
Transport, Postal and Warehousing	585,756

¹ Tourism Research Australia, Warrnambool(C) Local Government Area Profiles, 2017/2018

² Tourism Research Australia, Devonport (C) Local Government Area Profiles, 2018

Industry	Demand Change (\$)
Information Media and Telecommunications	-
Financial and Insurance Services	-
Rental, Hiring and Real Estate Services	32,501
Professional, Scientific and Technical-Computer Services	-
Administrative and Support Services	-
Public Administration and Safety	-
Education and Training	77,939
Health Care and Social Assistance	-
Arts and Recreation Services	253,643
Other Services	33,524

Source: Tourism Research Australia Devonport (C) LGA Profile 2018, National Visitors Survey

Using these estimations, we calculate in the following sections of the report the annual economic impact on the local Devonport economy from the proposed operational stage.

4.2 Operational Stage – Output Impact

Similar to the construction phase, the tourism demand change driven by the exhibit in the first year of operation will impact the output of a variety of industries, both directly and indirectly. One year of operation, given the listed assumptions, is forecast to increase output in Devonport by approximately \$4.4 mil.

Table 7 - Operational Output Impact

	Demand Change	Production Induced Effect	Consumption Induced Effect	Total
Output multipliers	1.00	0.15	0.53	1.68
Output (\$mil.)	2.61	0.40	1.39	4.40

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0) and ABS Census 2016 Data, figures represented in 2019 dollars.

4.3 Operational Stage – Gross Value Added (GVA) Impact

We forecast that a year of operation will yield an increase in the Devonport region’s GVA to be around \$2.3mil. based on the Devonport LGA multipliers in Table 8 below.

Table 8 - Operational Gross Value Added Impact

	Demand Change	Production Induced Effect	Consumption Induced Effect	Total
GVA multipliers	0.50	0.07	0.29	0.87
GVA (\$mil.)	1.32	0.18	0.76	2.26

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0) and ABS Census 2016 Data, figures represented in 2019 dollars.

4.4 Operational Stage – Job Creation

Using a similar method to the construction phase, a year of operation is forecast to generate a total of 13.7 job years in the Devonport LGA area. Of this, 8.0 job years will be captured by Devonport residents.

Table 9 - Operational Employment Impact

	Demand Change	Production Induced Effect	Consumption Induced Effect	Total
Employment multipliers	3.76	0.31	1.19	5.25
Job Creation (Total)	9.8	0.8	3.1	13.7
Job Creation (Devonport Residents)	5.9	0.4	1.8	8.0

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0) and ABS Census 2016 Data.

4.5 Operational Stage – Wage Revenue Generated

In the table below we forecast that a year of operation will create total remuneration of workers at approximately \$510,000. Given rates of job catchment by local residents, we conclude that they will capture \$280,000 of the total remuneration. We have adjusted national multipliers below to reflect the Devonport median wages across industries.

Table 10 - Operational Income Impact

	Demand Change	Production Induced Effect	Consumption Induced Effect	Total
Income multipliers	0.13	0.02	0.05	0.20
Income (\$mil.) (Total)	0.34	0.04	0.13	0.51
Income (\$mil.) (Devonport Residents)	0.19	0.02	0.07	0.28

Source: Hill PDA Estimate using data from ABS Australian National Accounts: Input-Output Tables 2017-18 (ABS Pub: 5209.0) and ABS Census 2016 Data, figures represented in 2019 dollars.

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