

## Economic Study of Ocean Access at Bastion Point Not Reliable

East Gippsland Shire Council commissioned an economic study<sup>1</sup> by Buchan Consulting that forecasts the Option 3b Bastion Point development will create 42.3 permanent jobs in Mallacoota. Yet this prediction is highly questionable for the following reasons:

1. Other than a photo credit, it does not refer to the findings of the Inquiry Panel<sup>2</sup> that found the economics of the project were poor, and that it would be to the overall net detriment to tourism due to losses of nature-based tourism. Instead, the Pryor report is used as a source document, which the Panel found had 'myriad deficiencies'.
2. A major calculation error in Table 21 almost doubles the entire benefits and results in the unrealistic costing of a three day visit for three people, even if camping, of \$4240. Correcting this error alone reduces the job count to approximately 24.8, and reduces annual benefits by \$2.8 million.
3. Aside from the doubling error above, daily tourist expenditure rates used are double those presented by Tourism Victoria in its 2008 market profile for Gippsland<sup>3</sup>. Using Tourism Victoria figures further reduces the job count to approximately 15.8.
4. This predicted employment figure is further undermined when one considers:
  - An unsubstantiated method is used to estimate that uses of the new facility will be 7-fold those accepted by the Panel.
  - Usage of the existing facility appears to be included as a benefit of a new facility.
  - Seasonality of boating is not considered, instead assuming it will remain at 58 uses per week throughout the year. The Panel found there was no evidence that the facility would attract boaters in the low season.
  - Annual local expenditure of \$0.5 million on new boating is included as a benefit that creates 3 jobs. Yet Mallacoota residents would have to forego other expenditure to achieve this. They are assumed to eat almost \$0.2 million per year in take-away food and groceries (\$50 per person per boat trip) on top of their normal diet.
5. The report uses 'regional multipliers' to add 10 further regional jobs. Multiplier jobs would be created if government were to spend \$5.5 million on other employment generating projects in Mallacoota, so should only be included when comparing projects.
6. The Benefit Cost Ratio of 6.4 is calculated using unreliable base data and calculations, and neither a 'discount rate' is used to calculate Net Present Values, nor is a sensitivity analysis performed, as suggested by Victorian Treasury for project economic analysis<sup>4</sup>.
7. Unsubstantiated and internally different ramp usage figures are used to calculate usage fees. The report states that there are 1,000 government and other agency uses of the current ramp (p23). Enquiries of the two main government users of the ramp reveal that Parks Victoria averaged just 27 uses per year for the past four years, and Dept. Primary Industries just 10 uses in 2005/6, and 15 uses for the last 12 months.
8. The report assumes a \$20 recreational ramp use fee will have no deterrent effect on the ability of this development to attract boaters away from free boat ramps in southern NSW – the target regional market from which to attract tourists. The number of boaters attracted will greatly affect the revenue shortfall of the facility.
9. No account is taken of the difficulty of tourism promotion for a facility designated as a 'hazardous waterway', nor are costs factored in for breakwater maintenance or possible breakwater extensions mooted in the MSV commissioned safety study<sup>5</sup> of the facility.

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<sup>1</sup> Buchan Consultants, 2010, <http://savebastionpoint.org/wp-content/uploads/2010/07/Buchan21.pdf>

<sup>2</sup> Panel p3, <http://savebastionpoint.org/wp-content/uploads/2010/01/Bastion+Point+EES+Inquiry+Report.pdf>

<sup>3</sup> <http://www.tourism.vic.gov.au/images/stories/Documents/FactsandFigures/gippsland-market-profile-2008.pdf>

<sup>4</sup> Department of Treasury and Finance, 2007. Victorian Guide to Regulation.

<sup>5</sup> AMCS Ltd, Safety Audit, p46 <http://savebastionpoint.org/wp-content/uploads/2010/07/AMCS.pdf>