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Economists at Large Pty Ltd  
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Economists at Large have been involved in the Bastion Point boat ramp and breakwater project for over two years. At the request of the Save Bastion Point group, we have undertaken a review of the revised Buchan Consulting Economic Impact Assessment Report (the 'Buchan Report' – revised November 14 2010).

The report corrected erroneous calculations in the original Buchan Report that had resulted in overstated benefits and an inflated benefit-cost ratio (BCR). A similar error had resulted in an inflated BCR in the earlier economic impact report, the 'Pryor Report'.

In reviewing the revised Buchan Report<sup>1</sup>, we would like to bring to the attention of decision makers the following concerns:

1. The revenue assumed to 'underpin' regional benefits appears to be based on expenditure by existing visitors as well as locals. Both of these are methodologically inappropriate to use as the benefits of the project since they **do not represent a net increase in tourism as a result of the proposed development**.
2. The construction and maintenance costs for Option 3b are considerable and no transparent financing plans are included in the report. Without this, it is difficult to assess the net impact of these costs on regional services and community welfare as delivered by the Council. I.e. will other council essential services be cut to fund the ongoing operational budget of the boat ramp? Without this information, the opportunity cost cannot be evaluated.

Corrected for errors and overly optimistic assumptions, we estimate that the BCR is likely to drop below 1. It is therefore highly likely that money could be spent elsewhere to deliver higher net social benefit for the community.

We refer decision makers to the conclusions of the Panel Report as part of the Environmental Effects Statement (EES) prepared in 2007:

*"the proposals are likely to have a negative Net Present Value, and a Benefit Cost Ratio below 0.34. A 1% decrease in current visitors would wipe out any gains that are likely to be attracted through increased ocean access."*

In conclusion, despite attempting to correct a clearly flawed earlier report, neither this updated version of the Buchan Report, nor any previous economic analysis conducted to support this project, can justify this development on economic grounds. After three attempts, it is time the Council admitted that this project is not economically justified. We agree with the EES panel that a minor upgrade to the existing ramp, to deal with safety concerns, would deliver the best economic and welfare outcome for the community.

Sincerely,  
Simon O'Connor, Roderick Campbell & Tristan Knowles  
DIRECTORS – ECONOMISTS AT LARGE

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<sup>1</sup> Economist at Large comments on the original the Buchan Report can be provided upon request.