

FORECAST ECONOMIC IMPACTS

PROPOSED REVITALISATION OF GREAT KEPPEL ISLAND

Client:

Tower Holdings Pty. Ltd.

Prepared by:



ABN 59 111 542 673

Suite 31, Level 4
50-56 Sanders Street
UPPER MT GRAVATT, QLD, 4122

Ph: (07) 3422 2011
Fax: (07) 3422 0899

September 2011
06039-11/A Rev 5

CONTENTS

SUMMARY	III
1 INTRODUCTION.....	1
2 PROFILE OF THE CAPRICORN REGION.....	2
3 GREAT KEPPEL ISLAND	6
3.1 Current status	6
3.2 Proposed development.....	6
3.3 Golf Course.....	7
3.4 Marina	8
4 ECONOMIC IMPACTS	10
4.1 Employment.....	10
4.1.1 Construction jobs.....	10
4.1.2 Operational jobs	10
4.2 Visitation and expenditure	11
4.3 Regional impact and multiplier effects.....	12
4.4 Benefits to the State economy	15
APPENDIX A: RESOURCES USED IN ANALYSIS	16
APPENDIX B: CAPRICORN REGION – ADDITIONAL TOURISM DATA.....	17
APPENDIX C: PROJECTED DEVELOPMENT COSTS – GREAT KEPPEL ISLAND RESORT	19

Disclaimer

The sole purpose of this report is to provide Tower Holdings (the Client) with information in accordance with Foresight Partners Pty Ltd's scope of services set out in its proposal to the Client.

Foresight Partners has relied upon information relevant to this report provided by government agencies, the Client and others. Except as otherwise stated in the report, Foresight Partners has not attempted to verify the accuracy or completeness of such information.

The assumptions underlying the findings, observations, forecasts and conclusions presented in this report are subject to significant uncertainties and contingencies. Therefore, actual results may differ significantly from forecast results. Foresight Partners do not make or imply any warranty or guarantee with respect to the data reported or to the findings, observations, forecasts and conclusions expressed in this report. Foresight Partners cannot confirm or guarantee achievement of any forecast growth or performance, as future events, by nature, are not amenable to independent confirmation or substantiation.

Summary

Tower Holdings Pty Ltd proposes a \$592.5 million revitalisation of the tourism resort on Great Keppel Island. The proposal includes a 4 or 5 star hotel, apartment and villa accommodation, a 250-slip marina, an 18-hole championship golf course and an air strip, plus associated leisure, restaurant, café, bar and retail facilities. The variety of services planned is designed to attract a significantly greater number and range of visitors than at present, and encourage them to stay longer.

The Greater Capricorn Region lags behind most other Queensland regions in terms of visitor numbers and contribution to the State's tourism industry. Only 4% of international visitors to Queensland come to the Capricorn Region (as at September 2010). Most domestic visitors to the region (80%) are from within Queensland itself, with only a small portion from outside the State. Unemployment in the Capricorn Region is higher than the State average.

Great Keppel Island's competitiveness as a tourist destination has declined in recent years with a consequent adverse impact on local economic activity. Tower Holdings' proposed revitalisation is intended to develop the island as a one of Australia's premier tourist destinations which is much more accessible to prospective holiday makers and residents, and fitting for a facility located close to the iconic Great Barrier Reef. It is forecast to have the following impacts:

- An estimated final development cost of \$592.5 million.
- Creation of an average of 263 construction-related jobs each year during the 12-year construction period, with total full time equivalent jobs generated representing 3,160 person years of employment.
- Through flow-on or multiplier effects, the creation of around 164 additional full-time equivalent construction jobs on the mainland, predominantly at Rockhampton and Yeppoon.
- Around 1,055 full time, part time and casual jobs generated in the Capricorn Region once Great Keppel Island is fully operational.
- Once fully operational, an estimated base of 685 persons employed on the Island in full time, part time and casual jobs, equivalent to 485 full-time employees. There will be an additional workforce in periods of high demand.
- An average of around 2,274 visitors, staff and residents on the Island each day, totalling around 830,000 person days per year. This is comparable to the peak daily visitation of the Island in the early 1990s.

- Forecast annual expenditure of \$83 million per annum on Great Keppel Island by its visitors and employees.
- A substantial increase in total visitor days in the Capricorn Region.
- Provision of a significant number of local business opportunities in the Capricorn region.
- Diversification of the Capricorn Regional economy through promotion of the regional tourism industry, making the region less reliant on the commodity price–driven mining and agricultural industries.
- Privately–funded infrastructure development provided at no cost to Government.
- Significant increases in local and state government revenue through rates, headworks charges, property transaction duties, land tax and payroll tax.
- Forecast economic impact on the Gross Regional Product of the Fitzroy region of \$458 million from construction, and around \$75 million per year when fully operational.

1 Introduction

Tower Holdings proposes a comprehensive revitalisation of Great Keppel Island that will realise its potential as a world class visitor destination located near the Great Barrier Reef. Foresight Partners have been commissioned to provide this economic impact analysis of the proposal. In undertaking this work, it is pointed out that the Great Keppel proposal is currently at the master planning stage. The information and opinions therefore provided in this report are indicative only. They will be refined as the proposed project details are finalised and as changing economic and market conditions dictate.

In addition to information provided by Tower Holdings (cost estimates, room numbers, forecast occupancy rates etc), a number of resources have been used in compiling this analysis. These are listed in Appendix A. Economic impacts and forecasts provided in this report are based on benchmarks provided by the Australian Bureau of Statistics (ABS) and the Office of Economic and Statistical Research (OESR), plus analysis of similar tourist development projects in Queensland.

2 Profile of the Capricorn Region

Great Keppel Island is located within the Rockhampton Regional Council (comprising Rockhampton City and the former Livingstone, Fitzroy and Mount Morgan Shires). As at June 2010 there were an estimated 115,525 persons living within the Rockhampton Regional Council.¹

Great Keppel Island lies within Tourism Queensland's Capricorn Region which comprises nine former local government areas: Rockhampton, Livingstone, Fitzroy, Mount Morgan, Peak Downs, Jericho, Bauhinia, Duaringa and Emerald (Figure 1). As of March 2008 these Councils were amalgamated into the Rockhampton Regional Council, Central Highlands Regional Council and a part of the Barcaldine Regional Council. As at June 2009 there were an estimated 145,476 persons living within the Capricorn Region.²

While Rockhampton is the key regional centre of both the Rockhampton Regional Council and the Capricorn Region, Yeppoon is a key service centre primarily focusing on tourism provision.

The Capricorn Region has the following economic characteristics:

- Agriculture, forestry and fishing and mining are the main 'engine rooms' for economic activity in the region, accounting for 13.3% of the Capricorn Region's employment (compared to 5.2% of Queensland's employment).
- Over 94% of all persons in the labour force in the Capricorn Region are employed – the unemployment rate is around 5.5%. As at September 2010 6.5% of the Rockhampton Regional Council labour force was unemployed (compared to 5.6% of the Queensland labour force).³
- In 2009 there were over 2,700 businesses registered for GST purposes within the Livingstone Shire (excluding government, charities and unions). Only three businesses within the Shire employed over 200 persons.⁴
- Forecast population growth in the Capricorn Coast Region is similar to that of Queensland. For the period 2006 to 2031, forecast average annual population growth for the Capricorn Coast is 1.6% which is comparable to the forecast growth of 1.7% per annum across Queensland.

¹ Source: ABS Regional Population Growth, Australia.

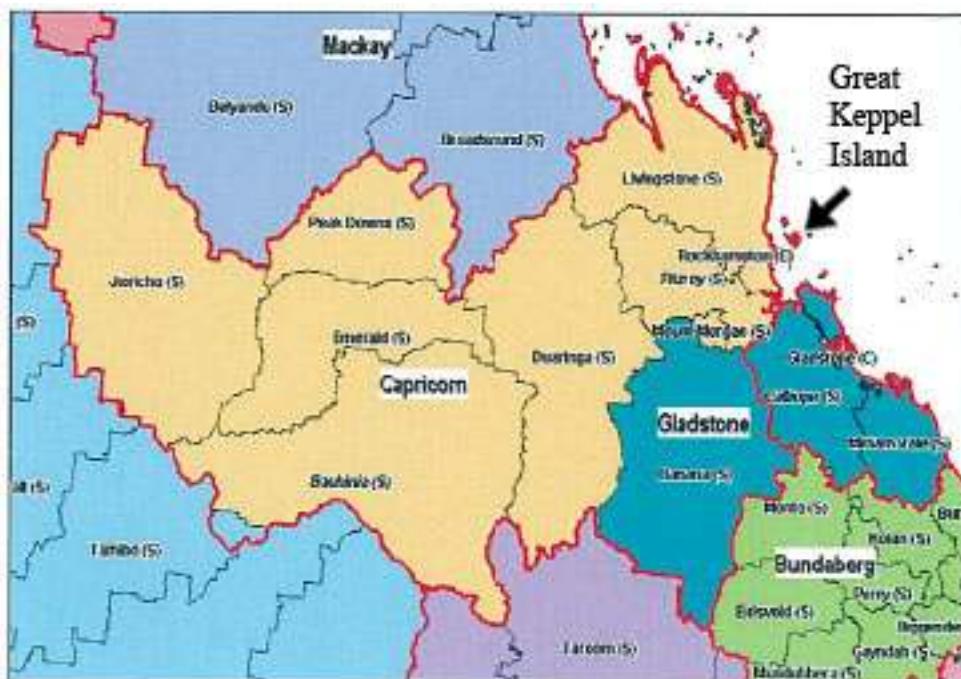
² Ibid.

³ Source: Small Area Labour Markets Australia, Department of Education, Employment and Workplace Relations, September 2010.

⁴ Source: ABS Counts of Australian Businesses, including Entries and Exits June 2007 June 2009.

- However, the population of the Rockhampton Regional Council is expected to grow by a lower 1.4% per annum between 2006 and 2031.⁵
- Tourism remains an area of untapped potential. Visitation numbers, visitor expenditure and contribution to the tourism Gross State Product (GSP) lags behind most other regions in Queensland.

Figure 1: Capricorn Region, Queensland



Tourism

By any quantifiable measure, the Capricorn Region is not capitalising on its tourism potential.

The Capricorn Region attracts a relatively small proportion of visitors to Queensland destinations. In the 12 months to September 2010, it received 908,000 overnight visitors, spending 3.8 million guest nights. This was less than the number of visitors and visitor guest nights received by most other coastal regions (Figure 2).

As shown in Figure 2 the Capricorn Region attracts 72% fewer visitor nights than Tropical North Queensland and 42% fewer visitor nights than Mackay/Whitsundays. Thus, in this respect the Capricorn Region's tourism industry is underperforming that of some of the other coastal regions.

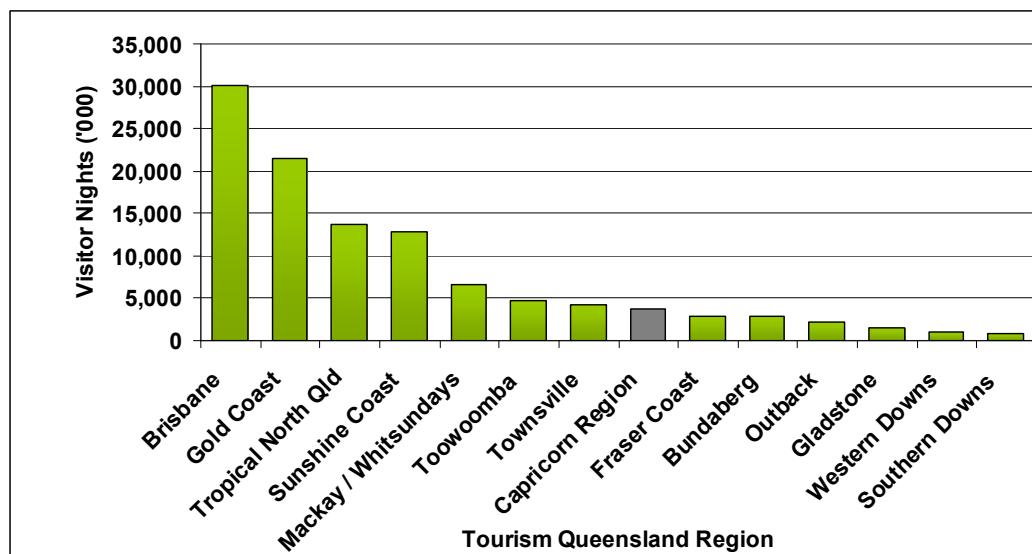
The region has not penetrated the wider domestic and international tourist market. In 2010, approximately 4% of international visitors to Queensland

⁵ Source: Planning, Information and Forecasting Unit, Department of Infrastructure and Planning, 2008.

came to the area. Most visitors to the Capricorn Region (92%) are domestic visitors, with 80% of all domestic visitors from elsewhere in Queensland.

In 2010 less than 39% of all visitors to the Capricorn Region visited for a holiday (visitors are counted as persons who stay for less than 364 days in a Region). This is vastly different to the Mackay/Whitsundays Region where 51% of all visitors were in the Region for the purpose of a holiday.

Figure 2: Number of visitor nights in selected Queensland Tourism Regions in the 12 months ending September 2010



Region	Domestic Visitor Nights ('000)	International Visitor Nights ('000)	Total Visitor Nights ('000)
Brisbane	14,127	16,012	30,139
Gold Coast	13,372	8,057	21,429
Tropical North Qld	7,727	6,001	13,728
Sunshine Coast	10,366	2,479	12,845
Mackay / Whitsundays	4,970	1,618	6,588
Toowoomba	4,069	642	4,711
Townsville	2,858	1,451	4,309
Capricorn Region	3,264	528	3,792
Fraser Coast	2,119	738	2,857
Bundaberg	2,182	653	2,835
Outback	1,956	282	2,238
Gladstone	1,046	401	1,447
Western Downs	862	133	995
Southern Downs	761	147	908

Source: *Tourism Research Queensland, Capricorn Regional Snapshot 2010*.

Average room occupancy rates in the region are low, and have declined over the past year to an annual average rate of 54% in the year ending September 2010⁶. The Livingstone Shire (which covers Great Keppel Island and the central coast area) has consistently recorded occupancy rates in the 50–55% range for the past few years.

The Fitzroy Tourism Region (which includes the Capricorn and Gladstone Regions) accounts for just 4% of Queensland's tourism GSP. This ranks it in the mid-range of the Tourism Regions by expenditure; however over 83% of state tourism expenditure is spent in the top five regions (Brisbane, Gold Coast, Tropical North Queensland, Sunshine Coast and Mackay/Whitsundays).⁷

Appendix B provides further Capricorn Region tourism data.

Therefore it is concluded that the main reasons for the relatively poor tourism industry performance in the region and Great Keppel Island are:

- There is no strong overall image for the Capricorn Region;
- Roads and public facilities provision are of relatively poor quality;
- Many tourist facilities are outdated and in need of rejuvenation; and
- Great Keppel Island in particular needs significant upgrading, improved accommodation and a wider variety and higher quality of services and facilities (particularly retail). Accessibility from interstate and overseas visitor markets, and the time and cost involved with transfers, is also an issue.

⁶ Source: *Tourism Research Queensland*, Capricorn Regional Snapshot 2010.

⁷ Source: *Regional Economic Contribution of Tourism Destinations in Queensland (2010)*, STCRC Centre for Economics and Policy.

3 Great Keppel Island

3.1 CURRENT STATUS

Great Keppel Island is a 1,454 hectare island, the best known of the Keppel group which lies off the Capricorn Coast near Yeppoon, Central Queensland. Much of Great Keppel Island is crown land where tourist-related development leases have previously been granted. Until recently the Island has been occupied by a number of different commercial accommodation facilities ranging from camping ground style accommodation to resort level accommodation. The resort facilities have been closed in order to facilitate the proposed refurbishment and redevelopment of Great Keppel Island. The Island currently hosts two backpackers facilities, ten commercial premises and ten residential dwellings.

There are 17 beaches on Great Keppel Island and its pristine natural environment offers a wide range of activities including swimming, diving, snorkelling and bushwalking. Access to the island is via ferry and cruise ship services from the Rosslyn Bay/Keppel Bay Marina on the mainland.

In the 1990s, the latest data available, the average daily population on the island (staff, residents, overnight and day visitors) was approximately 765, with an occupancy rate for accommodation units in the low 50% range. The maximum possible daily population, given accommodation stocks and day tripper potential, was around 2,600.

Anecdotal evidence suggests these visitation figures deteriorated sharply while the Resort was operating. Great Keppel Island has been widely perceived as a declining tourist destination for a number of years.

3.2 PROPOSED DEVELOPMENT

A major revitalisation is therefore proposed by Tower Holdings to realise the potential of the island as a major tourist destination. It proposes a suite of facilities and pursuits offering natural synergies. Plans at this stage envisage a \$592.5 million development program over a 12 year period, which will establish:

- a 4 or 5 star hotel containing 250 room units;
- 300 tourism resort apartments;
- 750 tourism resort villas;
- a 250-slip Marina, yacht club and harbour master;
- a staff accommodation facility of 105 units;
- one 18-hole championship golf course, and country club style facilities such as tennis, spa and fitness facilities;

- sporting ovals and beach club;
- 3,000 m² of retail, restaurant, café, club and bar facilities; and
- an upgrade to the existing airstrip and airport terminal with capability to accommodate Dash 8 aircraft of up to 100 seats.

The proposed variety of facilities, supported by improved air and sea transport links, provides the opportunity to attract significantly more visitors – particularly from interstate and overseas markets. The revamped Great Keppel Island will appeal to a much broader range of visitors than at present and, importantly, encourage visitors to stay longer. It will add to the variety of Queensland's Great Barrier Reef and coastal island attractions.

3.3 GOLF COURSE

The proposed golf course is an essential component of the resort development because of its strong appeal both to visitors and residents, its high amenity value, and its fundamental importance to the viability and sustainability of the resort. The golf course will enable the resort to provide more facilities and more recreational options than would otherwise be available, thereby enhancing the resort's competitiveness as a visitor destination, and its value to the Capricorn Coast.

Based on the experience of golf course resorts in Australia and overseas, the Great Keppel Island golf course is expected to generate the following principal benefits:

Environmental

- The opportunity to ensure desired environmental management practices including, for example, environmentally safe design, use of native vegetation, and enhancement of wildlife habitat.

Social

- Increased amenity through provision of a greater variety of recreational options and pastoral environments.
- An enhanced daytrip destination for mainland residents that is sustained mainly by visitor expenditure.

Economic

- Diversification of the tourism product offered by the Capricorn Coast, therefore broadening market appeal.
- Provision of a significant market positioning advantage over resort islands without golf courses, and mainland golf courses that lack an island setting.

- Provision of significant leverage for market positioning of resort accommodation.
- Attracting visitation that otherwise would not occur at the resort or the Capricorn Coast, including:
 - New visitors who decide to visit because of the golf course
 - Extended stays from visitors who decide to increase their length of stay to play at the course.
- Generating substantial support for resort accommodation through higher resort accommodation occupancy rates and higher average revenue per available room.
- Increasing appeal and value of residential properties on the island, which enhances their viability.
- Financial support for a greater range of retail and food and beverage facilities than would otherwise be possible.
- Creation of a range of additional permanent full-time and part-time employment opportunities in golf course maintenance, operations and supporting facilities, including food and beverage services.

3.4 MARINA

The proposed marina is another integral and essential component of the Great Keppel Island redevelopment. It will meet the need for environmentally sustainable facilities for island ferries and visiting pleasure craft, and it will be a community and cultural focus of the island.

The value of a marina is often underestimated, in that it not only provides direct economic benefits, but also supports other resort activities and enhances the appeal of a resort as a place to live, work and visit. The Great Keppel Island marina is forecast to have the following principal benefits:

Environmental

- Ensuring best practice environmental management in boat cleaning, fuelling, maintenance and waste disposal.
- Providing berths which are a preferred alternative to swing moorings in meeting growing demand, because berths occupy significantly less area and are potentially less destructive to the seabed habitat.

Social

- Enhancing waterfront access.
- Providing safe and efficient accessibility for ferries and other vessels.
- Increasing amenity through provision of a greater variety of environments and recreational options.

Economic

- Meeting growing demand for recreational boat moorage.
- Providing the opportunity for recreational boats to visit Great Keppel Island, thereby increasing regional visitation and spending.
- Providing synergy and mutual support with all of the other key components of the resort, by providing a transport hub, community focus and location for shops, restaurants and community activities, and the one location frequented by residents, visitors and the island's workforce.
- Contributing to the appeal and viability of residential and commercial facilities on the island.
- Creating a significant number of jobs during construction, and additional permanent full time, part time and casual jobs once operational.
- Generating additional economic activity both on Great Keppel Island and elsewhere in the region through provision of supplies and supporting services.
- Providing a catalyst and venue within the Capricorn region for developing new businesses, new skills and new job opportunities.

4 Economic Impacts

The Great Keppel Island redevelopment has a projected redevelopment cost of \$592.5 million over 12 years. Appendix C provides a detailed breakdown of the associated costs. None of this cost will be borne by the government. The forecast major economic impacts are as follows:

4.1 EMPLOYMENT

4.1.1 Construction jobs

An immediate impact will occur during the construction stage. Jobs required for the Great Keppel Island project will include those from the professional, manual and service occupations.

Using the Residential Construction and Other Construction sectors of a regional specific input–output model⁸ it is estimated that there are approximately 8 jobs created per \$1 million in construction expenditure. Therefore, an estimated 3,160 person years of direct employment will be created as a result of the redevelopment of Great Keppel Island. This equates to an average of 265 jobs each year over a 12 year period. The number of jobs created by construction is expected to vary across the project lifespan.

At the end of the construction phase, a residual number of construction workers will remain in the Capricorn Coast region as a result of increased building activity generated by additional residents and visitors to the locality.

4.1.2 Operational jobs

Many permanent jobs will be created to support operation of the hotel, marina, residential, leisure activity, golf, airport, retail and associated facilities. Based on Australian Bureau of Statistics (ABS) research on accommodation industry employment and hotel employment levels, as well as Foresight Partners' experience, it is estimated that the redevelopment of Great Keppel Island will result in an average base of 485 FTE employees per annum once complete.

Due to the tourism sector's high reliance on casual and part-time workers, and the seasonality of the tourism industry, it is likely that there will be a significantly higher total number of persons employed on the Island. Indicative estimates are that approximately 685 persons per annum will be employed on the Island in full time, part time and casual jobs. Once fully operational, Great Keppel Island will be one of the largest employers within the former

⁸ The 1996–1997 Fitzroy Statistical Division Input–Output Table, OESR released in 2004. As these calculations are completed based on the construction costs of the proposed project, subsequent inflationary effects have been discounted.

Livingstone Shire which in 2009 had only three businesses with more than 200 employees.

4.2 VISITATION AND EXPENDITURE

In the early 1990s, before it began to experience a significant downturn, Great Keppel Island had an average daily population of 765 visitors, residents and employees, equivalent to around 280,000 annual person days.

Following redevelopment, visitation is forecast to greatly expand and come from a variety of sources. Set out below in Table 1 are the forecast sources of visits along with estimated expenditure.

As a result of a combination of overnight and day visitors to the Island, staff, residents and visitors to the marina, it is estimated that the Great Keppel redevelopment will generate nearly 830,000 annual person days. This is equivalent to an average daily population of 2,274 on the island, approximately three times the total of over a decade ago.

When fully operational, visitors and employees are forecast to spend around \$83 million each year on Great Keppel Island.

Table 1: Great Keppel Island – Forecast Expenditure by Visitors and Employees

	Units	Avg. Annual Occupancy Rate	Persons/ Occupied Unit	Annual Person Days	Avg. Spend/ Person Day	Total Expenditure (\$m)
Hotel rooms	250	65%	2.2	130,488	\$195	25.4
Villas and Apartments	1,050	50%	2.5	479,063	\$100	48.1
Marina berths	250	20%	2.2	40,150	\$70	2.8
Day visitors	N/A	N/A	N/A	36,500	\$70	2.6
Staff accomm.*	200	95%	1.5	95,760	\$40	3.8
Staff commuting [#]	N/A	N/A	N/A	48,000	\$10	0.5
Annual total				829,960	\$100	83.2
Average per Day				2,274		0.23

Source: National Visitor Survey, International Visitor Survey, Capricorn Regional Snapshot, Foresight Partners estimates.

Note: Hotel room expenditure includes spending on hotel room, retail, food & beverage services attractions and local transport. Excludes purchase of dwellings.

Note: Based on similar developments, daily average occupancy/usage rates for villas, apartments and marina berths are lower than for hotel accommodation. Marina berths are typically used for storage purposes and not regular occupancy.

* Assumes 285 staff occupying premises for an average of 48 weeks per year.

[#] Assumes 200 staff commuting on average 5 days per week, 48 weeks per year.

4.3 REGIONAL IMPACT AND MULTIPLIER EFFECTS

Full Time Equivalent Jobs

In addition to the above direct impacts, the Great Keppel Island redevelopment project will provide a variety of indirect or flow-on economic benefits to the local region. These are often referred to as ‘multiplier’ effects and include:

- Benefits derived as inputs/supplies are purchased from businesses not directly involved in the development project; and
- Wages and salaries paid to local employees, who then spend their earnings locally.

Based on similar projects and previous research undertaken, it is estimated that approximately 84 additional full-time equivalent jobs per annum will be created offsite as a result of construction activity on Great Keppel Island. Consumption induced expenditure by these construction-related businesses and workers will generate a further 79 full-time equivalent jobs per annum. During the construction phase, therefore, it is estimated that 3,160 person years of direct employment and a further 1,960 person years of indirect employment will be created, most of which will be in the Capricorn Region.

Once fully operational, the resort, leisure and retail facilities on Great Keppel Island are estimated to generate approximately 140 FTE jobs offsite, with consumption induced expenditure creating a further 120 FTE jobs. This means the operational phase will generate total direct and indirect employment of 745 full-time equivalent jobs. It is noted that the multiplier effects of operational jobs may be understated as the 745 direct jobs created could be higher in times of high tourism demand.

Table 2: Summary of Forecast Full Time Equivalent Jobs Created – Great Keppel Island Re-development

<i>Phase of project</i>	<i>Est. no. of direct FTE jobs created</i>	<i>Est. no. of FTE jobs created through initial multiplier effect</i>	<i>Est. no. of FTE jobs created through additional consumption-induced expenditure</i>	<i>Total no. of FTE jobs created from each phase</i>
Construction *	263	84	79	427
Operational #	485	140	120	745

* Average number of full-time equivalent jobs required each year over a 12 year period.

Full time equivalent jobs created on completion.

Total Jobs

In view of seasonal variations and expected levels of part time and casual employment, the number of jobs created is likely to exceed the forecast number of FTE jobs shown in Table 2.

It is estimated that on average, over 400 full time, part time and casual jobs will be created each year over the 12 year construction period. Moreover, a forecast 1,055 full time, part time and casual jobs will be created each year when the redeveloped Great Keppel Island is fully operational. Subsequent additional redevelopment of the Island will likely further increase the number of jobs created within the Capricorn Region.

Economic Impacts

The redevelopment of Great Keppel Island is expected to generate significant economic benefits to the local economy (Rockhampton Regional Council), in addition to the regional (Central Queensland) and state economy.

Construction Impacts

In view of its scale, the project will have a significant positive impact on Gross Regional Product (GRP), both directly and indirectly through multiplier effects.

The project's overall impact on GRP during its construction phase is based on its construction cost, which is a projected \$592.5 million over the estimated construction timeframe of 12 years.

To estimate the subject development's benefits to the regional economy, multipliers have been utilized which have been derived from Input-Output analysis.

Value added multiplier tables are published by the Office of Economic and Statistical Research (OESR). Tables for the Fitzroy SD region from 1996-1997 have been utilised which are the latest available; with adjustments made for inflation.

Construction expenditure has projected direct benefits of \$243.5 million to the Fitzroy region GRP. This would lead to additional GRP creation through a second round of impacts (indirect benefits) contributing an additional \$100 million to GRP. A subsequent round of impacts (induced benefits) would add another \$114.5 million to GRP.

Therefore, the forecast total economic impacts from construction on the Fitzroy region GRP are \$458.0 million.

Operating Impacts

When fully operational, Great Keppel Island is forecast to generate nearly 830,000 annual visitor days, with related expenditure by visitors and employees of around \$83 million a year.

The development is forecast to generate direct impacts to GRP of \$41.7 million) each year and additional indirect impacts of \$16.6 million. A subsequent round of impacts (induced benefits) will add another \$16.9 million to GRP.

Therefore, after completion, the total estimated economic impact of the project on the Fitzroy region GRP is estimated at \$75.2 million each year (Table 3).

Table 3: Forecast Economic Impact on Gross Regional Product, Fitzroy SD

	<i>Direct Impact</i>	<i>Indirect Impact</i>	<i>Induced Impact</i>	Total
<i>Construction Phase</i>				
Residential Construction	\$171.1	\$85.6	\$85.6	\$342.2
Other Construction	\$72.4	\$14.5	\$29.0	\$115.8
Total	\$243.5	\$100.0	\$114.5	\$458.0
<i>Operational Phase (annual impacts)</i>				
Hotel rooms	\$12.7	\$5.1	\$5.1	\$22.9
Villas and apartments	\$24.1	\$9.6	\$9.6	\$43.3
Marina berths	\$1.4	\$0.6	\$0.6	\$2.5
Day visitors	\$1.3	\$0.5	\$0.8	\$2.6
Staff in on-site accommodation	\$1.9	\$0.8	\$0.8	\$3.4
Staff commuting	\$0.3	\$0.0	\$0.1	\$0.4
Total	\$41.7	\$16.6	\$16.9	\$75.2

Source: Office of Economical and Statistical Research, 'Queensland Regional Input-Output tables 1996-1997' and Foresight Partners calculations.

Other Impacts

The resort will also encourage more tourists to visit and stay in the region, generating significant increased local expenditure, therefore benefitting local retailers, food and accommodation providers, service providers and other businesses based in the region. The range of facilities proposed - including a golf course, marina and research centre – should increase the variety of tourists attracted, and the marina will additionally improve disability access to Great Keppel Island.

In addition to job and income generation for the Island, the proposed Great Keppel Island redevelopment presents other benefits to the Capricorn Coast Region. It is likely that there will be a significant increase to the local economy which will benefit a range of industries including tourism, retail and transport. For example, it will likely:

- substantially increase regional visitation. If half of the visitor days generated by Great Keppel are new to the region, it will increase total visitor days in the Capricorn Region by over 10%;
- enhance the image of the locale;
- address the issue of outdated and lower quality accommodation and facilities in the region; and

- provide for new training and skill opportunities for the additional workers and businesses.

The redevelopment of the Great Keppel Island resort is also a crucial component of development across the entire Capricorn Region. It has significant benefits such providing local tourism facilities for persons employed in the region's mining areas (i.e. the Bowen and Galilee Basins), which will increase the proportion of tourism dollars retained within the region. It will also assist the wide range of small business operators such as dive operators and cruise boat operators who were detrimentally affected by the closure of the original resort. It is anticipated that these small businesses, as well as those currently on the Island, will receive the greatest positive impact from the redevelopment of the Island.

The redevelopment of Great Keppel Island will increase the utilisation of existing intrastate and interstate infrastructure such as the Rockhampton airport (which currently has approximately 240 flights per week), the rail system and the highways. The utilisation of the existing infrastructure will benefit the local community through the provision of additional jobs and through the increase in passing traffic.

4.4 BENEFITS TO THE STATE ECONOMY

The State economy as a whole will also derive benefits from the proposed Great Keppel Island redevelopment through:

- boosting the tourism portfolio of the State by adding a high-profile and high-quality resort-based attraction, complementing current attractions at Great Barrier Reef and coastal-based locations. The project will address the acute lack of facilities in the Capricorn Region to attract interstate and overseas visitors, and will increase the region's contribution to tourism Gross State Product (GSP). Great Keppel Island will also be more accessible as a holiday destination due to the airstrip and marina developments on the island;
- diversifying the Capricorn Regional economy and adding to its agriculture and mining strengths;
- targeting relatively high unemployment in the region, including creating over 1,000 jobs when operational; and
- providing an ongoing boost to local and State Government revenue, through rates, headworks charges, property transaction duties, land tax and payroll tax.

Appendix A: Resources used in analysis

Capricorn Region — Regional Snapshot (2010), Tourism Queensland.

Capricorn Region Tourism Strategy (1995), Strategy and Background Report by Kinhill Cameron McNamara.

Economic Profile: The Rockhampton and Capricorn Coast Region (2005), Office of Economic and Statistical Research.

Ella Bay North Queensland Economic Impact Statement (2005), The 20/20 Group Australia Pty Ltd, Cairns.

Great Keppel Island Visitor Surveys, plus various Fact Sheets, Tourism Queensland.

Development Control Plan, Livingstone Shire Council.

Population and economic data: Department of Local Government and Planning (DLGP) and the Office of Economic and Statistical Research (OESR).

Regional domestic and international visitor expenditure data: Tourism Research Australia (TRA).

Regional Economic Contribution of Tourism Destinations in Queensland (2010), STCRC Centre for Economics and Policy.

Rockhampton Region Economic Profile (2010), Capricorn Tourism and Economic Development

Small area labour market data: Department of Employment & Workplace Relations (DEWR).

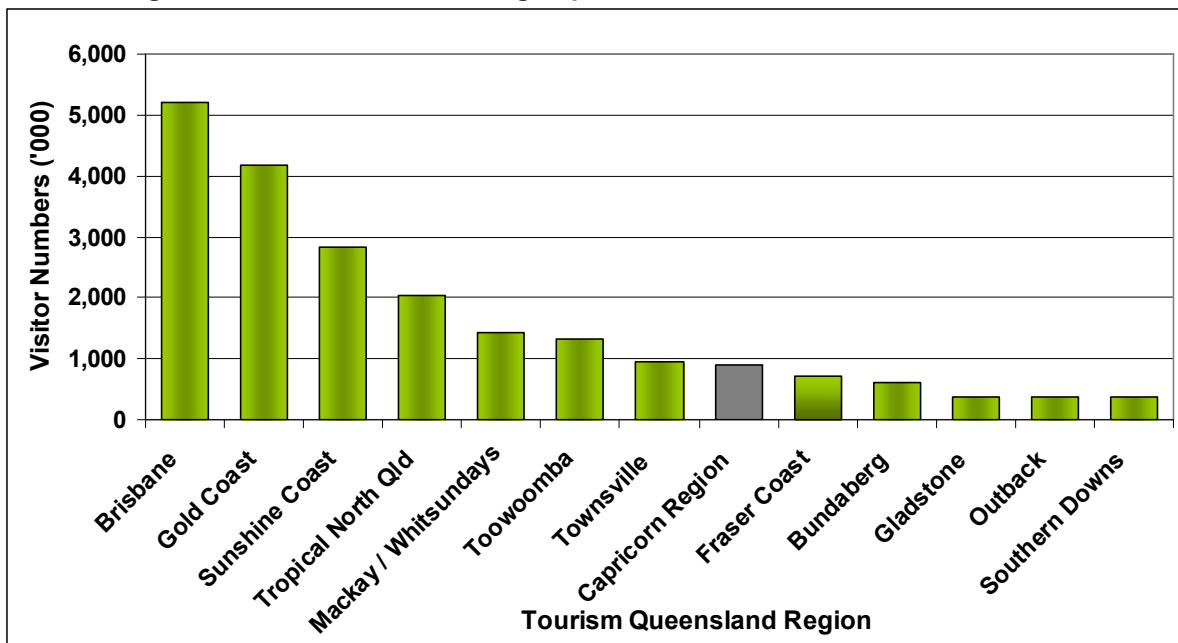
Small area tourist accommodation data: the Australian Bureau of Statistics (ABS).

State Development and Public Works Organisation Act 1971.

Various Publications, Tourism Queensland.

Appendix B: Capricorn Region – additional tourism data

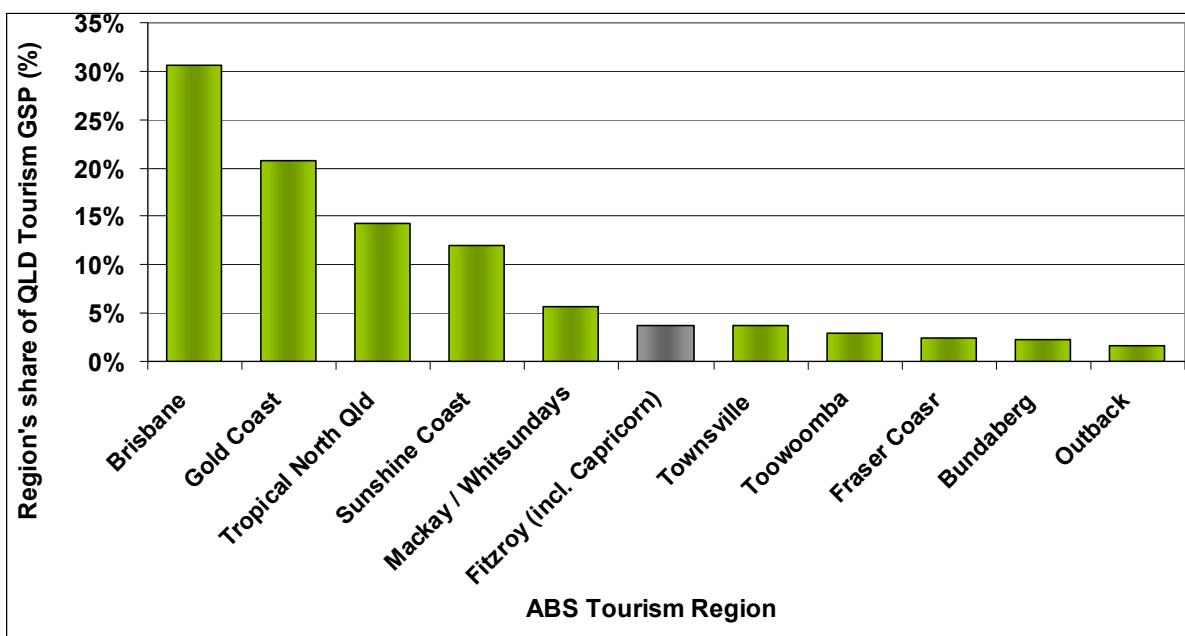
Chart B1: Domestic and international visitors to selected Queensland Tourism Regions in the 12 months ending September 2010



Region	Domestic Visitors ('000)	International Visitors ('000)	Total Visitors ('000)
Brisbane	4,306	914	5,220
Gold Coast	3,330	842	4,172
Sunshine Coast	2,539	282	2,821
Tropical North Qld	1,366	672	2,038
Mackay / Whitsundays	1,174	259	1,433
Toowoomba	1,280	37	1,317
Townsville	815	132	947
Capricorn Region	833	75	908
Fraser Coast	546	178	724
Bundaberg	554	41	595
Gladstone	319	62	381
Outback	345	26	371
Southern Downs	357	11	368
Western Downs	314	11	325

Source: Capricorn Regional Snapshot 2010.

Chart B2: Contribution by regions to Queensland tourism Gross State Product (GSP) expressed as a percentage of Queensland's tourism GSP



Region	Contribution of Tourism to Gross Regional Product (\$m)	Region's share of Queensland's tourism GSP (%)
Brisbane	2,800	31%
Gold Coast	1,900	21%
Tropical North Qld	1,300	14%
Sunshine Coast	1,100	12%
Mackay / Whitsundays	514	6%
Fitzroy (incl. Capricorn)	343	4%
Townsville	336	4%
Toowoomba	270	3%
Fraser Coast	222	2%
Bundaberg	202	2%
Outback	147	2%

Source: *Regional Economic Contribution of Tourism Destinations in Queensland (2010)*, STCRC Centre for Economics and Policy.

Appendix C: Projected Development Costs – Great Keppel Island Resort

Item	Type	Quantity	Development Cost	
			Rate (\$)	Total
Tourism Infrastructure	Fishermans Beach Hotel	250 suites	\$250,000	\$62,500,000
	Retail Precinct (marina)	3,000 m2	\$3,000	\$9,000,000
	Tourism Resort Apartments	300	\$250,000	\$75,000,000
	Tourism Resort Villas	750	\$375,000	\$281,250,000
	Golf Course			\$10,000,000
	Golf Resort Facility			\$5,000,000
Transport Infrastructure	Marina Facility	250 berths	\$75,000	\$18,750,000
	Airport Upgrade			\$10,000,000
	Roads			\$12,000,000
Services Infrastructure	Power Supply			\$15,000,000
	Water Supply			\$15,000,000
	Power/Water Reticulation - Villas	750	\$40,000	\$30,000,000
Social Infrastructure	Landscaping			\$15,000,000
	Sporting Oval			\$2,000,000
	Conservation Areas			\$5,000,000
Consultant Fees				\$7,000,000
Acquisitions				\$20,000,000
TOTAL				\$592,500,000