THE BAY RESPORT

Economic Impact Assessment UPDATE

The Bay Resort Economic Impact Assessment Update
FINAL
12 February 2020

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Approval for issue

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1 INTRODUCTION

1.1 Background

RPS was engaged in 2015 to prepare a need assessment and economic and employment impact assessment of the proposed Bay Resort in Anna Bay (refer to Appendix B). This report confirmed there was sufficient need for tourist and accommodation supply in the Port Stephens and Hunter Valley regions. Additionally, the report confirmed the development would provide the region a positive economic impact in terms of direct and indirect employment and Gross Value Added.

1.2 Report Purpose

In December 2019, RPS was engaged to prepare a new Economic Impact Assessment for the Bay Resort devleopment.

This update reflects changes to the concept plan (Appendix A) as well as new economic input/output data from the ABS.

RPS has also responded to changes in the approach taken to Economic Impact Assessments, through the use of more regionallised transaction tables and limiting the results to Simple, rather than Total Multipliers.

Finally, RPS has drawn on new tourism visitation and expenditure research from Tourism Research Australia and REMPLAN to provide a more accurate account of indirect impacts and employment, particularly in terms of first round and industry support impacts.

1.3 Report Scope

This updated report includes the following sections:

- **Introduction** –an overview of the report background purpose and scope;
- **Methoodology and Approach** – outline of the Economic and Employment Impact Assesmsent methodology adopted by RPS;
- **Employment and Economic Impact Results** – summary of the results of the employment and economic impact assessment across operational and construction phases;
- **Analysis of Results** – a review of the results of the employment and economic impact assessment including local shares of impacts, the implications of tourism supply chain globalisation and 20 year operational impacts; and
- **Conclusion** – summary of the outcomes and conclusions of the report.

1.4 Geography

The proposed Bay Resort is located within the Port Stephens Local Government Area. Using only Port Stevens LGA as the impact area would likely distort estimates of the full impact of the development due to the comparatively small size of the LGA relative to the wider region.

As such, for the purpose of this assessment, RPS has adiopted a three Study Areas:

- Port Stephens SA3,
- Hunter Valley and Newcastle (made up of Hunter Valley exc Newcastle SA4 and Newcaslte and Lake Macquarie SA4), and
- NSW.

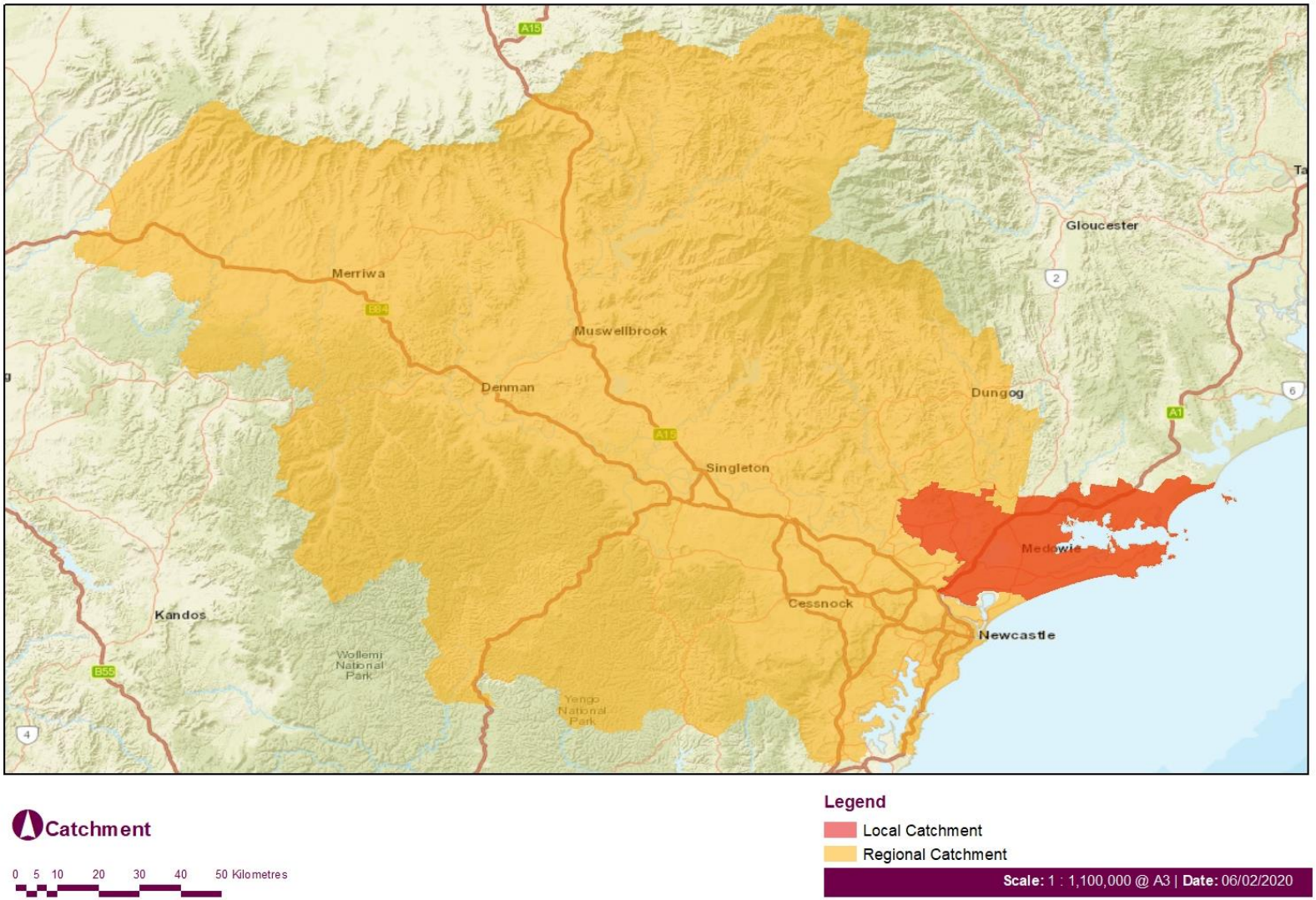


Figure 1 Study Areas

2 METHODOLOGY AND APPROACH

This section outlines the input-output based impact assessment methodology utilised by RPS, issues and challenges associated with the methodology and changes made to improve assessment accuracy and reliability.

2.1 EIA Methodology

At the core of an Employment and Economic Impact Assessments is Input–Output (IO) tables. IO tables are part of the national accounts by the ABS and provide detailed information about the supply and use of products in the Australian economy, and the structure of and inter–relationships between Australian industries.

IO tables are converted, through statistical analysis, into a series of Economic Multipliers. These Multipliers represent the relationship between the direct activity (expenditure or production) associated with a project and the wider economy.

The results of an EIA are generally presented as both direct effects, that is effects from the direct activity of the project or event and indirect effects, which are additional effects from further rounds of spending in the supply chain. A third or consumption effect, resulting from rounds of consumer spending generated by the additional income in the region can also be calculated.

There are two broad levels of Multipliers that can be utilised for Impact Assessments:

1. **Simple Multipliers** – including the Direct or Initial Effect, First Round and Industry Supply Chain effects;

2. **Total Multipliers** – including the Simple Multipliers plus subsequent Induced Production and Household Consumptions effects.

Impact Assessments can assess

- **Output** - the actual dollar amount spent on the project in the Region;

- **Income** - the amount of wages and salaries paid to labour;

- **Employment** - the full time equivalent per annum employment generated by the project;

- **Value Added** - the value added to materials and labour expended on the project; and

For the purpose of this analysis, only employment-related impacts have been assessed.

RPS has undertaken an Impact Assessment for the Port Stephens, Hunter Valley and Newcastle, and NSW economies.

For the regional economic impacts, this entailed the following tasks:

1. Transaction tables were developed from National IO tables for the Hunter Valley and Newcastle economy. The Australian transaction table was calculated directly from the latest IO tables from the ABS. For the Hunter Valley and Newcastle economy, the Regional Transaction Table was calculated by applying employment-based location quotients for the Region, based on the results of the 2016 Census of Population and Housing. This has the effect of excluding spending on imports to the Region since they generate no local economic activity.

2. Economic Multipliers were then generated for the Hunter Valley and Newcastle economy across 119 industry categories defined by the ABS;

3. Construction and operational expenditure and production associated with the development were allocated across 119 industry categories; and

4. Employment impacts associated with the project are calculated.

2.2 Criticisms of Impact Assessments

Economic Impact Assessments based on IO-tables and Economic Multipliers have been criticised by Government and academia. RPS recognises Economic Multipliers are based on limited assumptions that can result in multipliers being a biased estimator of the benefits or costs of a project.

Shortcomings and limitations of Multipliers for economic impact analysis include:

- **Lack of supply–side constraints**: The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply–side constraints. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or if it is near capacity.

- **Fixed prices**: Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.

- **Fixed ratios for intermediate inputs and production**: Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount;

- **No allowance for purchasers' marginal responses to change**: Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.

- **Absence of budget constraints**: Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.

- **Not applicable for small regions**: Multipliers that have been calculated from the national I–O table are not appropriate for use in economic impact analysis of projects in small regions. For small regions multipliers tend to be smaller than national multipliers since their inter–industry linkages are normally relatively shallow. Inter–industry linkages tend to be shallow in small regions as they usually don't have the capacity to produce the wide range of goods used for inputs and consumption, instead importing a large proportion of these goods from other regions.

2.3 Adjustments to Improve EIA Reliability

Despite this, IO tables and Economic Multipliers remain popular due to their ease of use and communication of results. RPS has undertaken a number of steps and made appropriate adjustments to the EIA methodology to address and mitigate these concerns.

Firstly, ***RPS has only used Simple Multipliers in the Assessment***. This has the effect of discounting Household Consumption impacts from the assessment. By doing so, only those industries with a first round or supply chain connection are considered. This has the effect of making the results of the EIA conservative and suitable to inform decision making.

Secondly , the Hunter Valley and Newcastle region is a moderately sized regional economy. For the purpose of calculating appropriate regional multipliers, economic activity across the Hunter Valley and Newcastle region was considered. This has the effect of providing a critical mass of economic activity to enable reliable ***adjustments to national multipliers to be made to calculate the impacts on the Hunter Valley and Newscatle economy only***, through the development of a regional transaction table.

RPS regards the use of Employment Multipliers as part of this Assessment as appropriate and measured and the results of the assessment as conservative, defensible and suitable for informing decision making.

3 ECONOMIC AND EMPLOYMENT IMPACT ASSESSMENT

This section summarises the results of the economic and employment impact assessment for the The Bay Resort development in Anna Bay. It includes consideration of both construction and operational phases of the project as well as direct, first round and industrial support employment and economic impacts.

3.1 Construction Phase

RPS split the total capital expenditure proportionally across the Non-Residential Buildings (covering buildings and associated investments) and Heavy and Civil Engineering (covering civil earth works and infrastructure). Allowances was made for 5% of the capital costs being allocated to Construction Services.

The total direct economic output from the construction phase of the Resort project is valued at $59m with total economic output ranging from $109.2m to $124.0m across the study areas.

Table 1 Total Construction Impacts – Output (Total)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$59.0	$30.1	$20.1	$109.2
Hunter Valley and Newcastle	$59.0	$33.5	$25.0	$117.5
NSW	$59.0	$35.2	$29.8	$124.0

Over the 3 year construction phase, direct economic output will be valued at $19.7m per year while total economic output will range of $36.4m in the Port Stephens SA3 to $41.3m for NSW as a whole per year.

Table 2 Total Construction Impacts – Output (Annual Average)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$19.7	$10.0	$6.7	$36.4
Hunter Valley and Newcastle	$19.7	$11.2	$8.3	$39.2
NSW	$19.7	$11.7	$9.9	$41.3

Incomes represent a component of total economic output that are captured by project stakeholders as revenues. During the construction phase, direct incomes wil be approximately $8.4m while total incomes will range from $19.9m to $23.9m.

Table 3 Total Construction Impacts – Incomes (Total)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$8.4	$6.6	$4.9	$19.9
Hunter Valley and Newcastle	$8.4	$7.5	$6.2	$22.0
NSW	$8.4	$8.0	$7.5	$23.9

Annually, this equates to a direct income of $2.8m and a total annual income of between $6.6m for Port Stephens SA3 and $8.0m in NSW.

Table 4 Total Construction Impacts – Incomes (Annual Average)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$2.8	$2.2	$1.6	$6.6
Hunter Valley and Newcastle	$2.8	$2.5	$2.1	$7.3
NSW	$2.8	$2.7	$2.5	$8.0

Overall, First Round and Industrial Support activity plays a slightly larger role in total incomes than in total economic output during the construction phase.

Table 5 Total Construction Impacts – Employment (Total)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	79	71	52	201
Hunter Valley and Newcastle	79	79	63	221
NSW	79	84	75	239

RPS estimates that 79 FTE jobs will be directly supported by the project during the construction phase, averaging 26 per year. Total employment will be significantly higher however, at 201 to 239 jobs over the phase averaging between 67 and 80 jobs per year.

Table 6 Total Construction Impacts – Employment (Annual Average)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	26	24	17	67
Hunter Valley and Newcastle	26	26	21	74
NSW	26	28	25	80

While First Round and Industrial Support activity plays a secondary role in contributing to both economic output and incomes, they play a much greater role in total employment generation during the construction phase.

Overall, the construction phase of the project will directly contribute $16.6m to the regional and State economies, with total contribution ranging from $36.7m to the Port Stephens SA3 and $44.0m to the NSW economy as a whole.

Table 7 Total Construction Impacts – GVA (Total)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$16.6	$11.6	$8.6	$36.7
Hunter Valley and Newcastle	$16.6	$13.1	$10.9	$40.5
NSW	$16.6	$14.0	$13.4	$44.0

Over the 3 year construction phase, the annual direct contribution to regional Gross Value Added is expected to be $5.5m with total contributes ranging from $12.2m to $14.7m per annum.

Table 8 Total Construction Impacts – GVA (Annual Average)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$5.5	$3.9	$2.9	$12.2
Hunter Valley and Newcastle	$5.5	$4.4	$3.6	$13.5
NSW	$5.5	$4.7	$4.5	$14.7

3.2 Operational Phase

The operational phase of the project commences after completion of the construction phase. It includes allowances for direct expenditure by tourists/visitors as well as second round supporting benefits.

RPS drew on site plan data provided by the client in order to establish operational activity figures for input into the operational IO tables. This included number of units and number of beds for the proposed development. An average occupancy rate assumption of 65% was made based on industry standard of trading levels, derived from the Australian Bureau of Statistics and Tourism Research Australia (TRA), with a domestic/international market share also established using TRA visitor data.

These figures allowed for a calculation of visitor nights for both domestic and international markets. Average spend per visitor nights was then sourced from REMPLAN[1], and multiplied by the calculated number of visitor nights to establish the total spend per year. Visitor expenditure was then analysed against industry sector spending, to establish the industry-specific inputs to the operational IO table.

RPS estimates that the annual direct output from the operation of the Resort will be approximately $11.7m and that the total impact on economic putput will range from $15.9m to $19.3m per annum.

Table 9 Total Operational Impacts – Output (Annual)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$11.7	$2.8	$1.4	$15.9
Hunter Valley and Newcastle	$11.7	$3.8	$2.1	$17.6
NSW	$11.7	$4.4	$3.1	$19.3

This represents new, net additional economic output to the regions and State.

Similarly, direct incomes from the operation of the Resort are valued at $8.4m per annum with total impacts ranging from $19.9m for Port Stephens to $23.9m in NSW.

Table 10 Total Operational Impacts – Incomes (Total)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$8.4	$6.6	$4.9	$19.9
Hunter Valley and Newcastle	$8.4	$7.5	$6.2	$22.0
NSW	$8.4	$8.0	$7.5	$23.9

Direct and indirect employment generation from the project is expected to be signficiat with over 200 FTE jobs supported in the Port Stephens SA3 per annum during the operational phase. This includes 79 direct jobs, while a further 38 jobs are expected to be supported in the Hunter Valley, Newcastle and other parts of NSW.

Table 11 Total Operational Impacts – Employment (Total)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	79	71	52	201
Hunter Valley and Newcastle	79	79	63	221
NSW	79	84	75	239

Overall, the operational of the Resort will directly contribute $16.6m to the regional and State economies each year, with total contributions ranging from $36.7m to $44.0m per year.

[1] Remplan, Port Stephens, 2016-2018 https://app.remplan.com.au/portstephens/economy/tourism/visitor-expenditure?state=Lvd4IE!GDdZIZjRu5zqRGFAKpKgHMsKhMGgT2h1hpSMTynA

Table 12 Total Operational Impacts – GVA (Total)

Area	Direct	First Round	Industrial Support	Total (Simple Multiplier)
Port Stephens	$16.6	$11.6	$8.6	$36.7
Hunter Valley and Newcastle	$16.6	$13.1	$10.9	$40.5
NSW	$16.6	$14.0	$13.4	$44.0

4 ANALYSIS OF RESULTS

This section provides a brief analysis of the economic impact results.

4.1 Port Stephens' Share of Impacts

Overall, Port Stephens is expected to secure the vast majority of economic and employment impacts from the Resort project, during both construction and operational phases.

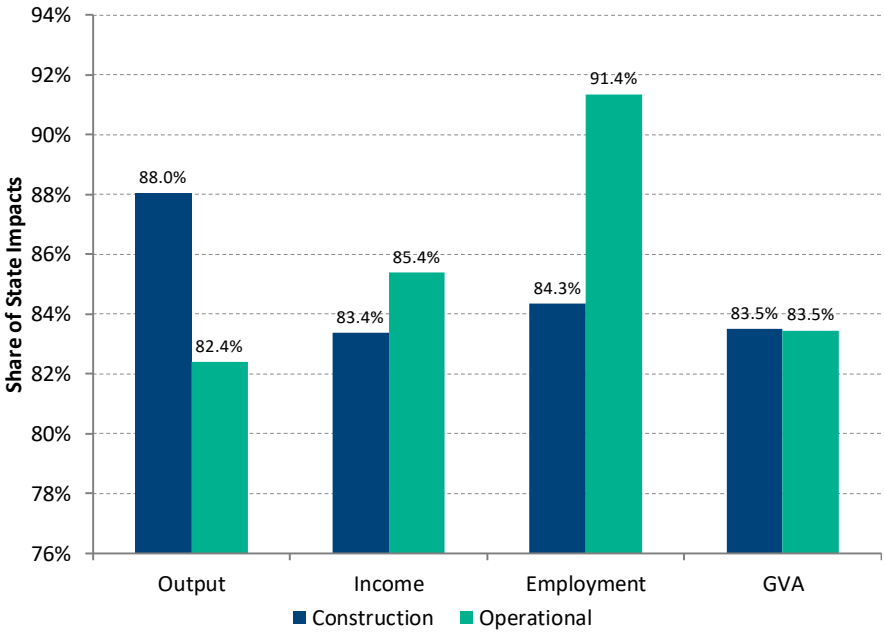


Figure 2 Port Stephens SA3 share of NSW Impacts, Construction and Operaitonal Phases

Port Stepehens is expected to capture at least 80% of economic impacts during both phases, across all measures, and up to 91.4% of total operational employment.

This high local share of economic activity reflects a combination of both the size of the project being able to be accommodated by the local construction workforce without significant outputs, and the existence of an established tourism industry.

4.2 Impact of Globalisation of Tourist Accommodation Supply Chains

A major trend observable in economic impact assessments in recent years has been the globalisation of tourism supply chains, particularly in terms of booking and property management, accommodation supplies and materials and services. As such, direct economic impacts are now playing a much greater role in total impacts, with First Round and Industrial Support activity less significant.

This direct/indirect breakdown is more stark in the case of this assessment due to the use of REMPLAN and Tourism Research Australia satellite accounts for tourism, which has distributed direct expenditure across a wider range of industry sectors than typically undertaken. The effect of this is expenditure being directed at industries with lower economic multipliers, particularly indirect multipliers.

This result is regarded as more accurate and therefore more defensible.

4.3 Strong Indirect Construction Activity

It is notable that while most of the economic impacts during the operational phase generally have a higher direct impact than indirect impacts, indirect impacts play a much greater role during the construction phase. For most economic indciators, these impacts are relatively balanced. For example, indirect Gross Value Added impacts for Port Stephens during the construction phase accounted for 54.9% of total GVA impacts.

However, indirect construction phase employment is even higher in the regionof the Gross Value the exception to this is construction, where indirect construction FTEs accounted for 60.7% of total FTE impacts.

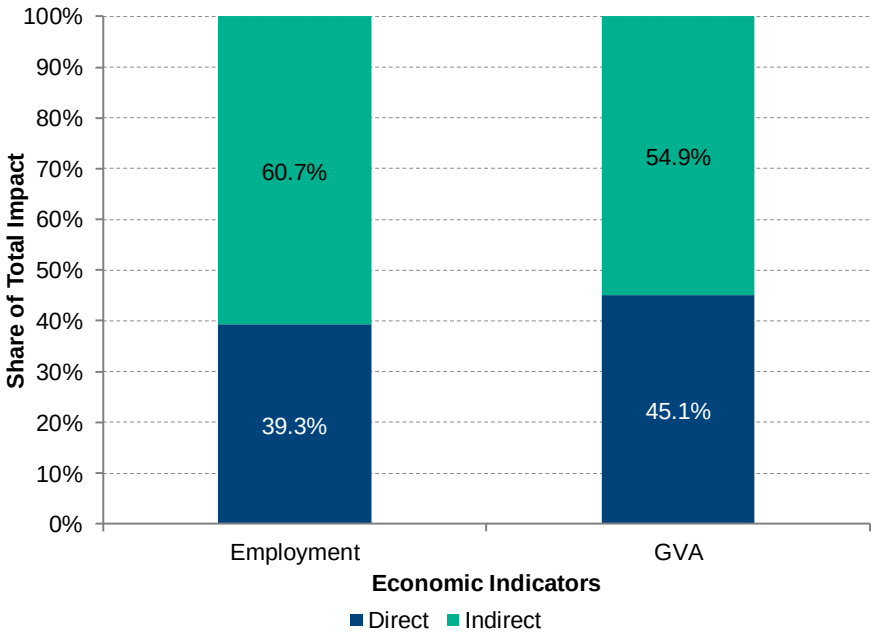


Figure 3 Direct and Indirect Shares of Construction Phase Impacts, Employment and GVA, Port Stephens SA3

4.4 20 Year Operatonal Impacts

The annual economic impacts of the operational phase provide a snapshot of annual activity. However, cost benefit and other economic assessments typically assess economic activity over a 20 year operational phase.

RPS has analysed the direct and indirect GVA impacts of the operational phase on the three regional economies assessed over a 20 year period. To estimate the present value of future impacts, RPS has applied a 7.0% discount rate (in line with NSW State Government EIS guidelines) to all future impacts.

The results of this are summarised below.

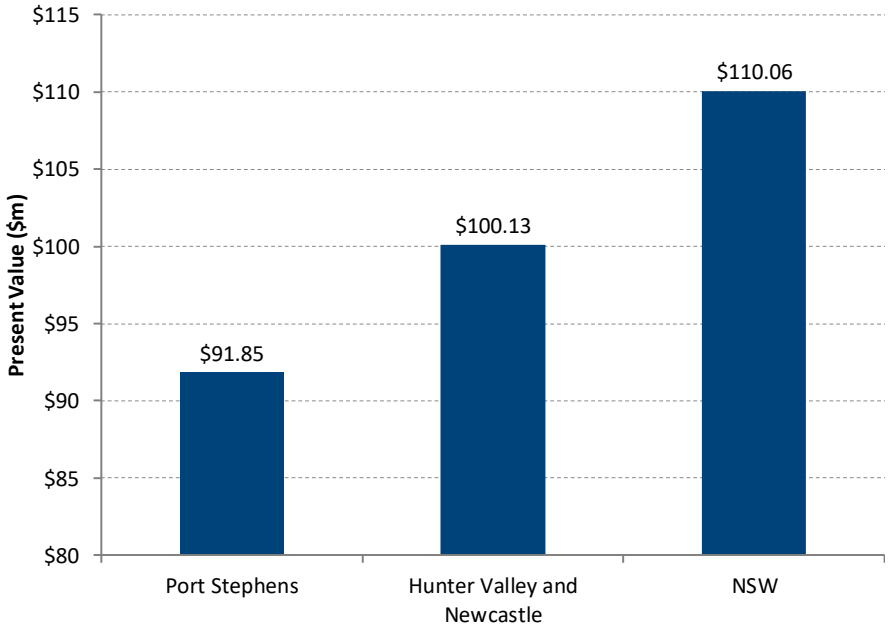


Figure 4 Present Value of Total Gross Value Added Impacts, 7% Discount Rate, 20 Years, by Area

Overall, the proposed development has the potential to contribute between $91.9m and $110.1m to the Port Stephens, Hunter Valley/Newcastle and NSW economies over the next 20 yerars.

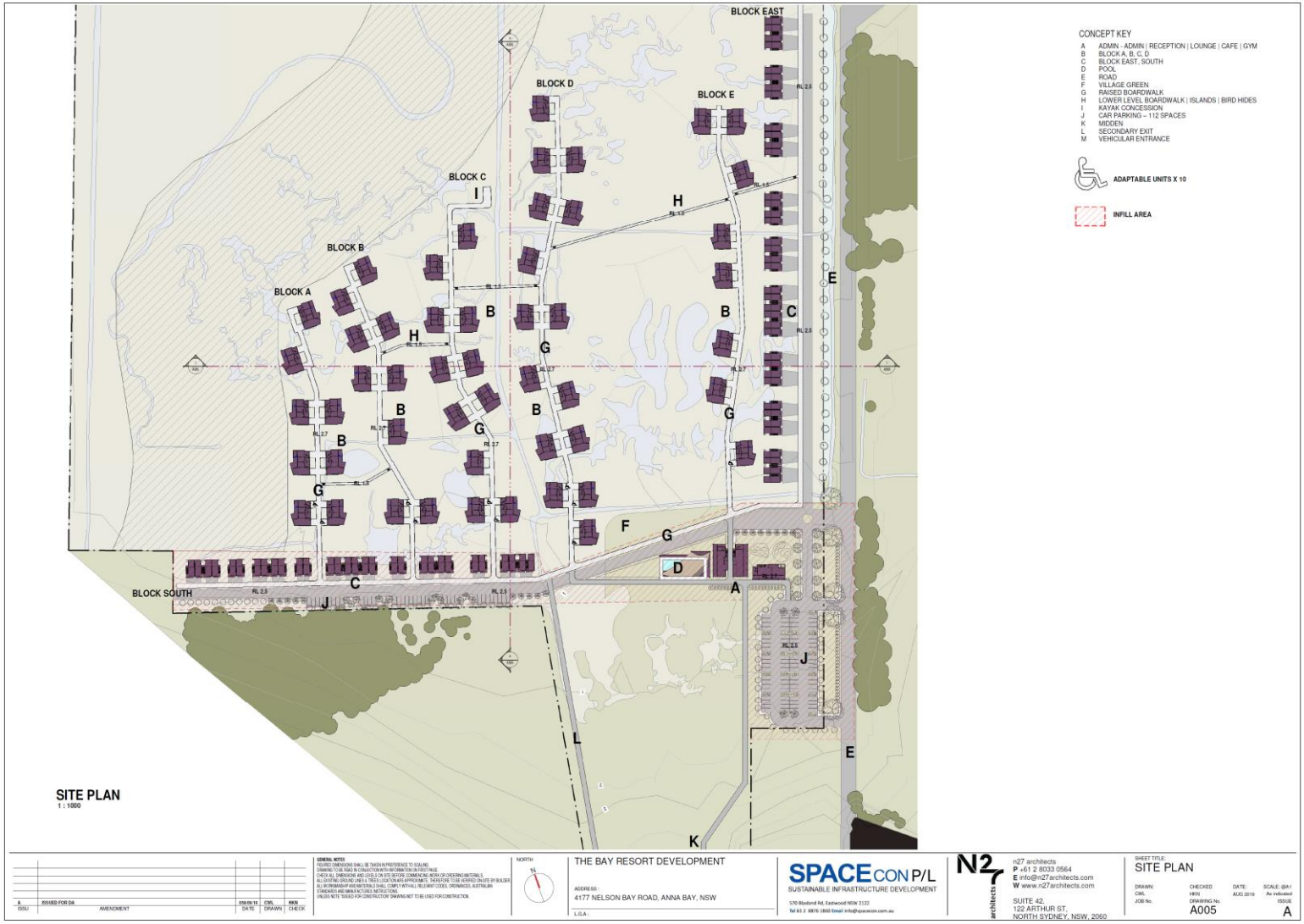
5 CONCLUSION

RPS has undertaken an update of previous economic impact analysis to reflect both changes in the concept plan for the resort, as well as updated methodologies, inputs and assumptions associated with Input-Output and economic impact assessments in NSW.

The result of this update confirm that The Bay Resort has the potential to contribute significantly to the Port Stephens economy, which will capture over 80% of the total economic impacts of the project during both construction and operational phases.

It also has the potential to directly and indirectly support over 200 jobs on an annual basis in Port Stephens and contribute between $92m and $110m to the regional and State economies over the next 20 years.

Appendix A
Concept Plan



Apx Figure 1 Proposed Development Site Plan

Appendix B
Original Economic Impact Assessment

The Bay Resort

Economic Impact Assessment

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In preparing this report we have made certain assumptions. We have assumed that all information and documents provided to us by the Client or as a result of a specific request or enquiry were complete, accurate and up-to-date. Where we have obtained information from a government register or database, we have assumed that the information is accurate. Where an assumption has been made, we have not made any independent investigations with respect to the matters the subject of that assumption. We are not aware of any reason why any of the assumptions are incorrect.

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Document Status

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Approval for Issue

Name	Signature	Date
Mark Wallace		08.04.2015

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Figures

Summary

The proposed development is a five star international eco-tourism resort consisting of up to 384 rooms/suites for accommodation, restaurant, meeting rooms and associated resort infrastructure including a gym, tennis courts and business facilities. The site is approximately 40 hectares, split in two by a road running northwards through the lot. The development is also being designed to ensure a high green star rating, making the development as environmentally friendly as possible.

The Lower Hunter Development Region has been used as the catchment for this assessment, which includes the following LGAs:

- Port Stephens LGA,
- Cessnock LGA,
- Lake Macquarie LGA,
- Newcastle LGA, and
- Maitland LGA.

Current Regional Profile

The Lower Hunter region has a critical mass of population though it has and is expected to continue to grow at a slower rate than the State average. The age profile is relatively balanced, resulting in a strong labour force size. Unemployment rates have traditionally been lower than the State average though have recently exceeded that of NSW and are trending upwards. Employment is focused primarily on population servicing sectors (health and retail) and manufacturing (which is experiencing a structural decline in much of Australia). Business activity is dominated by the construction sector with above average shares of professional services (including real estate, technical services and finance).

Tourism Needs Assessment

The Lower Hunter Region tourism is primarily a leisure and visiting friends and relatives (VFR) market, with steady growth in domestic visitor nights but declining international visitation levels. Aircraft based travel to the region has stabilised, after strong growth early in the decade while projections are for both domestic and international visitor nights to grow moderately over the next decade.

Despite this, tourist accommodation establishment numbers and room capacities have declined in recent years. Offering quality and a shift to residential and holiday home style accommodation are likely major contributors to this trend. However, the projected growth in visitation will require new high quality resort style accommodation to be brought into the Lower Hunter market, particularly to accommodate international visitors. The proposed development at Anna Bay has the potential to meet the need for this market and generate positive economic benefits.

Development Capital Expenditure

The total capital expenditure for the proposed development is approximately $230 million. Hotel and associated resort infrastructure will make up the majority, with landscaping and other amenities contributing the remainder of the investment. Based off the cash flow and project feasibility data provided by the client, it is estimated that the development will take three years to be completed.

Projected Development Demand

Demand for the proposed development is projected to be 91,104 room nights occupied per annum. This is based on a total of 384 rooms within the development, operating at 365 days per year, or 140,160 room nights available annually.

Economic Impact Assessment of Construction Phase

The table below outlines the economic impact of the three years of construction on the Lower Hunter Region.

Table ES1 Regional Construction Phase Impacts, Years 1, 2 and 3

Year 1	Output ($M)	Value Add($M)	Income ($M)	Employment (FTE)
Direct Impact	$29.3	$9.3	$4.8	74
Indirect Impact (Supply Chain)	$27.6	$11.5	$6.6	111
Sub-Total	***$56.9***	***$20.7***	***$11.4***	***185***
Indirect Impact (Households)	$21.4	$11.9	$5.4	118
Total Impact	**$78.3**	**$32.6**	**$16.8**	**303**
Year 2	**Output ($M)**	**Value Add($M)**	**Income ($M)**	**Employment (FTE)**
Direct Impact	$75.5	$23.9	$12.3	191
Indirect Impact (Supply Chain)	$71.0	$29.5	$17.1	236
Sub-Total	***$146.5***	***$53.4***	***$29.3***	***427***
Indirect Impact (Households)	$55.0	$30.5	$13.8	213
Total Impact	**$201.5**	**$83.9**	**$43.2**	**640**
Year 3	**Output ($M)**	**Value Add($M)**	**Income ($M)**	**Employment (FTE)**
Direct Impact	$67.6	$21.4	$11.0	171
Indirect Impact (Supply Chain)	$63.6	$26.4	$15.3	211
Sub-Total	***$131.1***	***$47.8***	***$26.2***	***382***
Indirect Impact (Households)	$49.2	$27.3	$12.4	190
Total Impact	**$180.4**	**$75.1**	**$38.6**	**573**

Economic Impact Assessment of Operational Phase

Once the development enters into full operation the annual economic impact on the Lower Hunter Region are estimated to be:

- $19.5 million in direct and indirect output impacts;
- $10.1 million in direct and indirect gross value add impacts;
- $5.2 million in direct and indirect income impacts; and
- 95 full time equivalent positions comprising of 55 direct positions and 15 positions through supply chain impacts.

The accommodation and food services industry will receive the largest increase to gross value add once the establishment is fully operational, with an additional $3.7 million in value add generated within the Lower Hunter Region. The retail trade industry will record the second largest increase in value add, up $1.23 million per year at full operation.

The accommodation and food services industry will benefit from the largest level of employment once the establishment is in full operation, with an additional 44 direct full time equivalent employees being required, with 40 of these positions being as a direct result of the development's operation. The retail trade industry recorded the second largest demand for FTE positions during the operational phase, with 17 FTE positions required.

Economic Risk Assessment

The economic risks associated with the development are minimal. The most significant risks relate to potential changes in the underlying conditions of the economy and the market, which may impact assumed occupancy rates and expenditure levels by tourists. However, the assumptions made in this assessment are conservative and defensible; with any risk expected to be on the upside.

Similarly, negative impacts on the performance of current tourist accommodation establishments in the region are unlikely. The proposed development seeks to target a premium eco-tourism market not otherwise catered for by establishments in the Lower Hunter region. This reflects the expectation for the development to induce new tourist visitation to the regional market, rather than cannibalise existing demand.

Overall, RPS regards the risk of negative economic impacts from the proposed development to be low to medium requiring ongoing monitoring only, with specific focus on supply chain

Conclusions

The proposed eco-tourism development at Anna Bay has the potential to attract new visitation to the Lower Hunter region and revitalise regional tourism and economic activity. The proposed development will target a tourism market segment not catered for by current tourism offering.

The development is estimated to create significant benefits for the Lower Hunter region economy during both construction and operational phases, as a result of supply chain and household consumption induced expenditure benefits. The development will contribute to regional economic activity, particularly in construction, accommodation and food and retail trade sectors, which will help to diversify the economy away from population servicing and manufacturing sectors. In addition it will generate direct and indirect employment opportunities. This will assist to address the Lower Hunter region's rising level of unemployment rate including providing work for the large number of construction businesses that call the region home.

Overall, RPS regards the economic impact of The Bay Resort Eco-Tourism development to be positive, contributing to regional economic activity and employment generation while presenting only minor risks to the Lower Hunter region economy and tourism market.

1.0 Introduction

1.1 Report Purpose

RPS was engaged to undertake an assessment of the impact of the proposed eco-tourist resort development at Anna Bay, north of Newcastle, on the Lower Hunter region economy. This report addresses key issue eight (8) of the NSW Director General's Environmental Assessment Requirements.

1.2 Report Scope

The scope of this report is to assess the supply and demand for potential land uses facilitated by the proposal and identify any negative economic impacts. This is done by conducting a supply and demand assessment for tourism infrastructure and accommodation throughout the identified region.

Furthermore identifying the negative economic impacts will be established through conducting an economic impact assessment on the construction and operational phase of the project to identify potential adverse economic impacts.

1.3 Report Structure

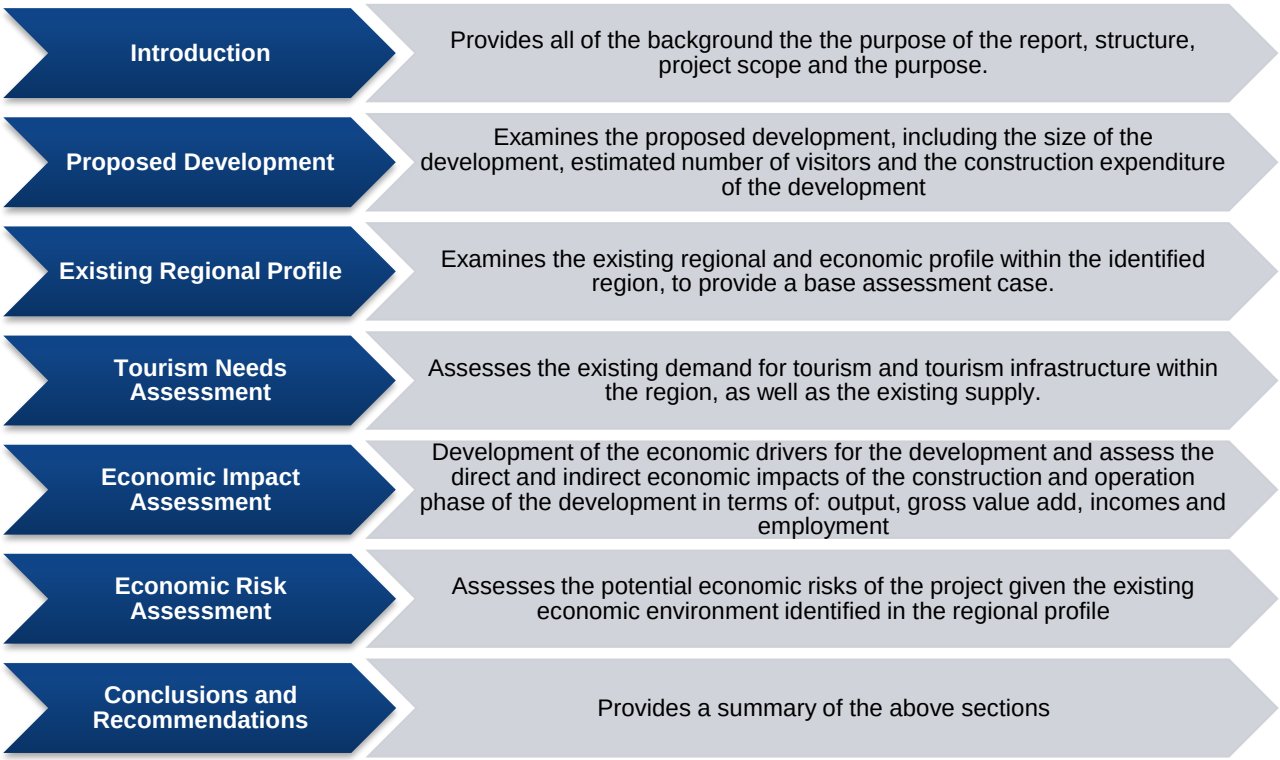

Figure 1 Report Structure

2.0 Current Regional Profile

This section outlines the current economic profile of the region, allowing the assessment to establish an existing base case for the Lower Hunter Region. This section will present the main economic indicators for the Region.

2.1 Economic Catchment

Based on the location of the development, the following catchment has been developed to best capture the impacts on the region. Using only Port Stevens LGA as the impact area would likely underestimate (overestimate) the full impact of the development due to the size of the LGA relative to the wider region. As a result the Lower Hunter Development Region has been used as the catchment for this assessment, which includes the following LGAs:

- Port Stephens LGA,
- Cessnock LGA,
- Lake Macquarie LGA,
- Newcastle LGA, and
- Maitland LGA.

These LGA's and their relative position compared to the proposed development can be found in the map below.

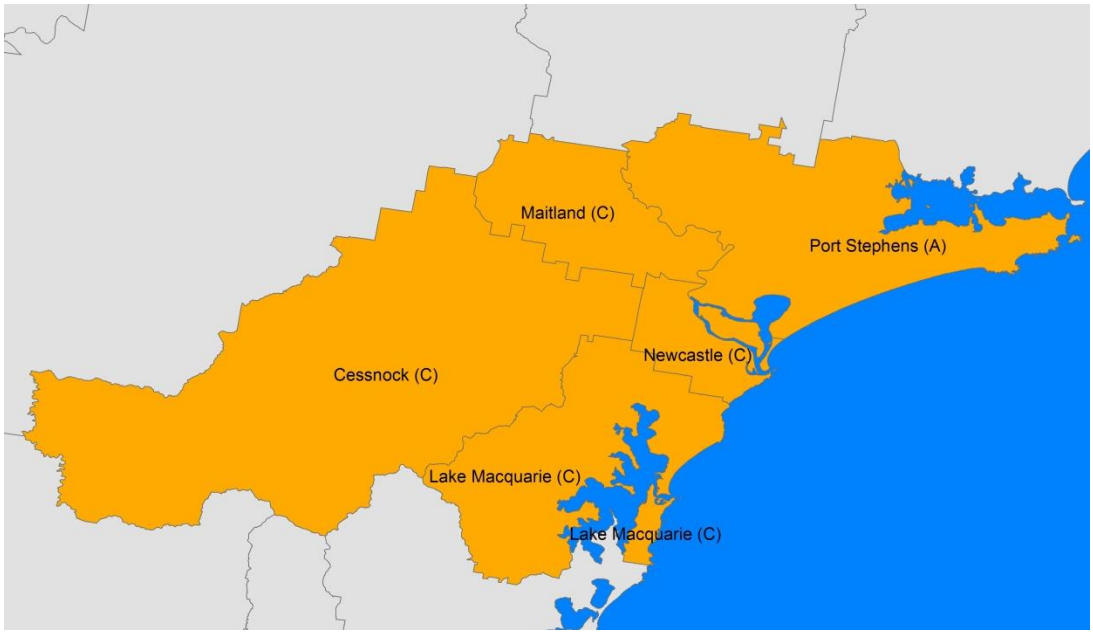

Figure 2 Lower Hunter Development Region

2.2 Population

The Lower Hunter Development Region (Lower Hunter Region hereafter) was home to 548,714 residents during 2012, an increase of 1.2% compared to the 2011 population of 541,984. Since 2001 the Lower Hunter Region's population has increased from 488,741 people to its current level, an increase of approximately 60,000 residents, with an average annual growth rate of 1.1%.

When compared to the New South Wales population growth, the Lower Hunter Region's historic population growth has fluctuated along with the broader State. Between 2002 and 2005 the Lower Hunter Region's population growth tracked marginally higher than New South Wales, while between 2007 and 2010 population growth was lower (although it remained positive).

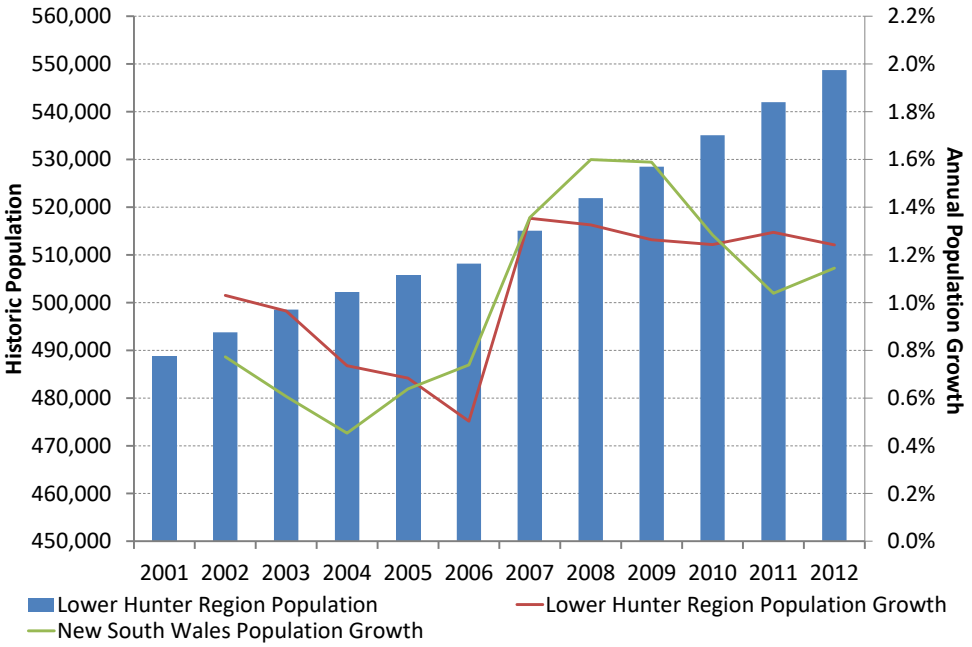

Figure 3 : Historic Population, Lower Hunter Region[1]

The Lower Hunter Region is projected to grow at a relatively consistent rate, with the total population projected to increase to approximately 672,353 residents by 2013.

[1] ABS (2014), Regional Population Growth, Australia, Cat. No. 3218.0, Australian Bureau of Statistics, Canberra

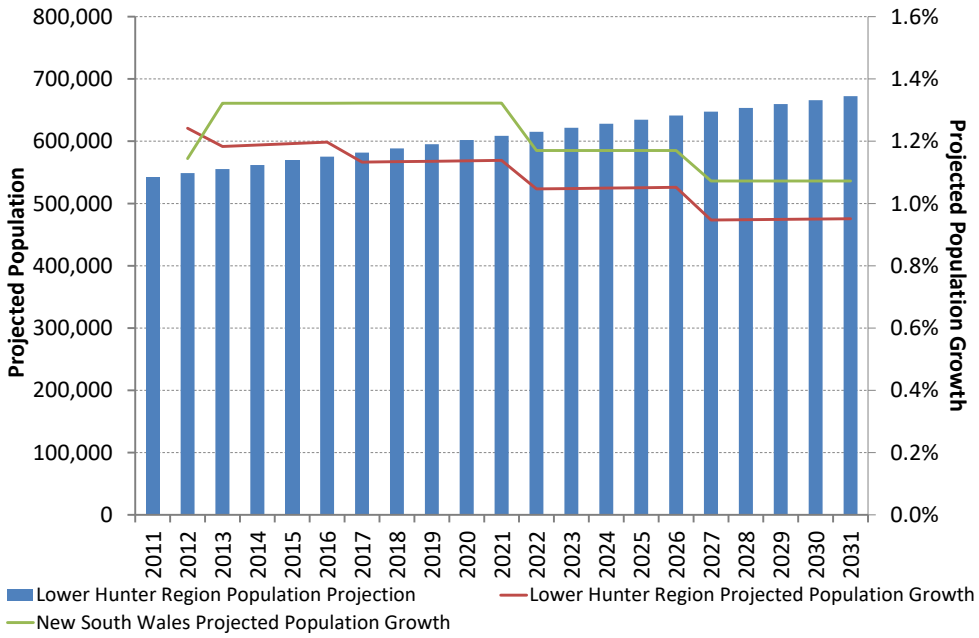

Figure 4 : Projected Population, Lower Hunter Region[2]

From 2011 to 2021 the Lower Hunter Region's is projected to increase at an average annual rate of 1.2% (to 608,725 residents), lower than New South Wales' average annual rate of 1.3%. This growth is projected to slow further between 2021 and 2031 to 1.0% per annum; 0.1percentage points lower than the New South Wales projected population growth.

Table 1 : Projected Population

Year	Lower Hunter Region	New South Wales
2006	508,189	6,742,690
2011	541,984	7,218,529
2016	575,306	7,694,981
2021	608,725	8,217,472
2026	641,342	8,709,587
2031	672,353	9,186,714
Av. Ann. Growth 2011 to 2021	1.2%	1.3%
Av. Ann. Growth 2021 to 2031	1.0%	1.1%

2.3 Age and Gender

The Lower Hunter Region contains a relatively balanced proportion of males and females, with 49.7% of the population comprising of males, and 50.3% females during 2012. In terms of the age distribution, the Lower Hunter Region contains a diversified age structure, with a strong proportion of working age residents (aged between 15 and 64 years of age). The working aged population within the Lower Hunter region accounts for 64.7% of the total population, with 18.7% of the population being under 14 years of age and the remaining 16.6% being older than 65 years of age. This indicates the Lower Hunter Region contains a strong labour

[2] NSW Department of Planning (2013), New South Wales and Local Government Area Population Projections 2013, NSW Department of Planning and Infrastructure, Sydney

force, which will continue to be strong in the coming years due to the strong number of young residents who will become of working age.

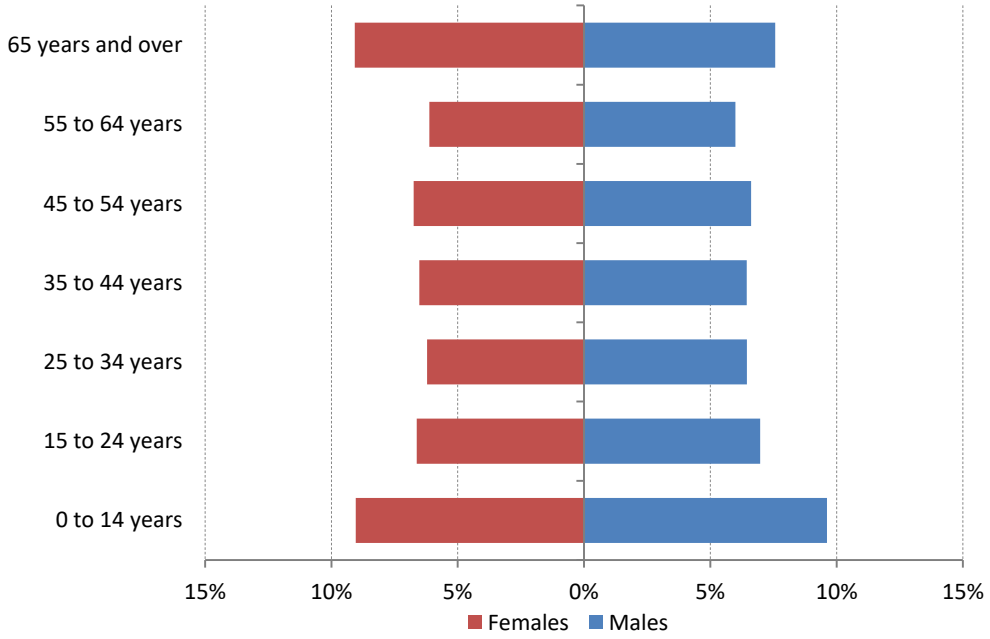

Figure 5 : Age and Gender Distribution[3]

2.4 Labour Force

The Lower Hunter Region contained a total labour force of 284,721 people as of June 2013. Historically the labour force within the Lower Hunter Region has fluctuated significantly, with a sharp increase in the labour force between December 2009 and December 2010, before a levelling off and subsequent falling between March 2012 and December 2012. As of the June Quarter 2013, the Lower Hunter Region recorded an unemployment rate of 5.4%, a 0.4 percentage point increase compared to the March Quarter 2013, and a 0.1 percentage point increase compared to the June Quarter 2012.

Historically the unemployment rate within the Lower Hunter Region has been lower than the New South Wales unemployment rate, only surpassing the State in the recent quarter. Furthermore, the current unemployment rate within the Lower Hunter Region has been tracking upwards, quarter on quarter from the March Quarter 2012.

[3] ABS (2013) Population by Age and Sex, Regions of Australia, Cat. No. 3235.0, Australian Bureau of Statistics, Canberra

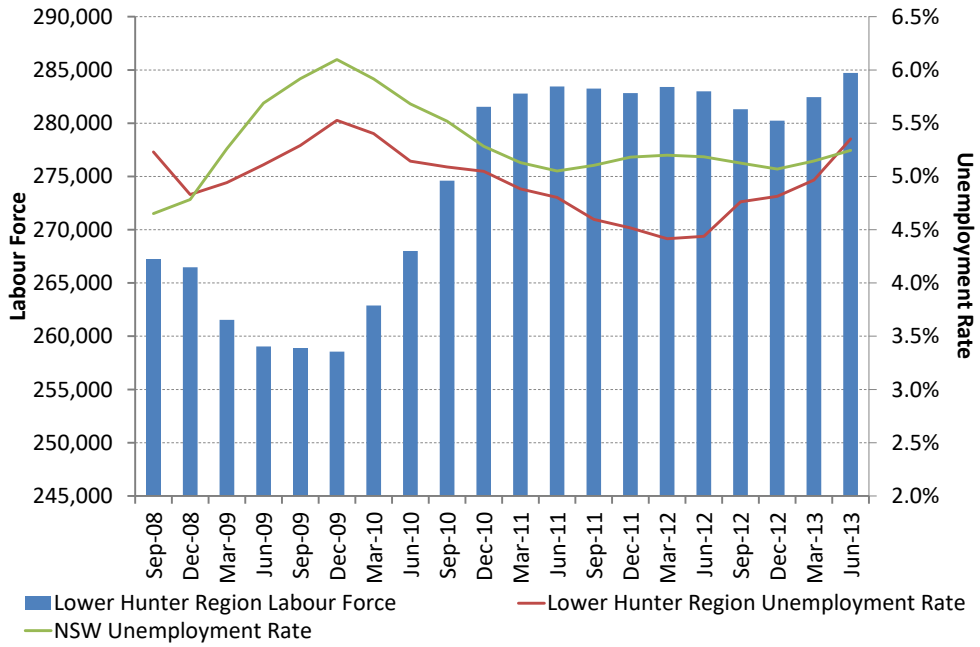

Figure 6 : Labour Force and Unemployment[4]

2.5 Employment by Industry

Within the Lower Hunter Region in 2011, the healthcare and social assistance industry was the largest employing industry with 15% of workers within the Lower Hunter Region employed in this industry. This is higher than the State share (11.9%). The retail trade industry was the second largest industry, accounting for 12.2% share of jobs (higher than New South Wales at 10.6%). Manufacturing rounded out the top three employing industries within the Lower Hunter Region, with 11.1% of jobs also larger than the New South Wales share at 8.6%).

[4] DEEWR (2014), Small Area Labour Markets, Commonwealth Department of Education, Canberra

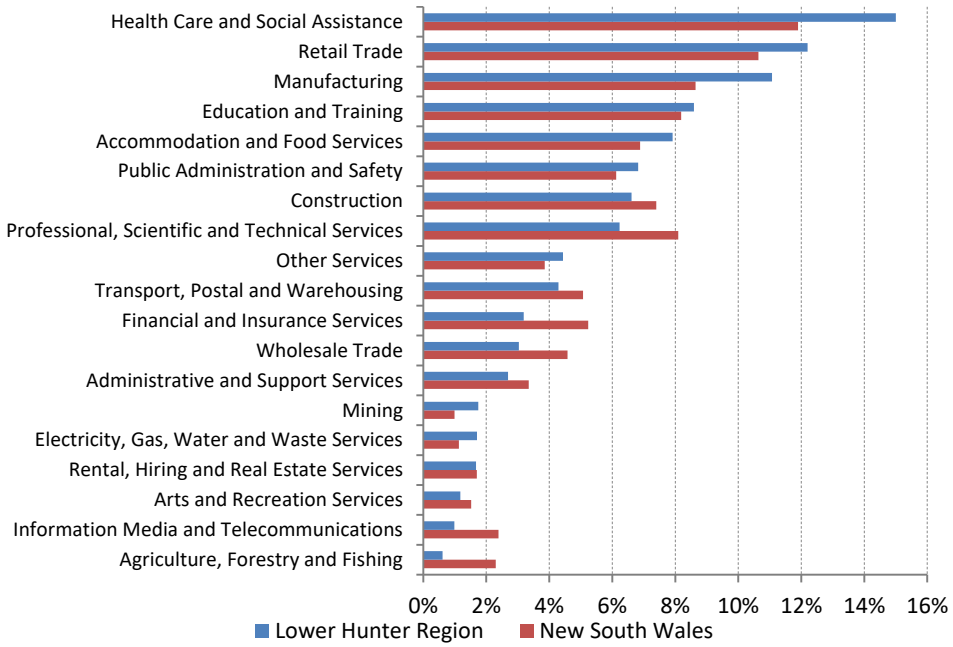

Figure 7 : Employment by Industry (Place of Work)[5]

2.6 Business Counts

Within the Lower Hunter Region, during 2012, there were 36,035 businesses in operation, with the industry containing the largest number of businesses being the construction industry, with 6,434 businesses (or 17.9% of all businesses). Professional, scientific and technical services account for 12.1% of businesses within the Lower Hunter Region, or 4,360 businesses.

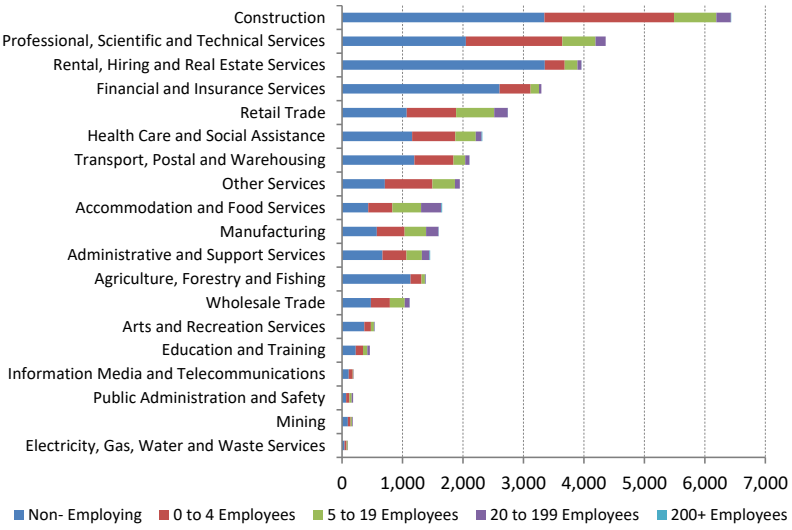

Figure 8 : Business Counts by Industry (Number of Employees)[6]

[5] ABS (2012), 2011 Census of Population and Housing, Australian Bureau of Statistics, Canberra
[6] ABS (2013), Counts of Australian Businesses, including Entries and Exits, Australian Bureau of Statistics, Canberra

2.7 Key Findings

The Lower Hunter region has a critical mass of population though it has and is expected to continue to grow at a slower rate than the State average. The age profile is relatively balanced, resulting in a strong labour force size. Unemployment rates have traditionally been lower than the State average though have recently exceeded that of NSW and are trending upwards. Employment is focused primarily on population servicing sectors (health and retail) and manufacturing (which is experiencing a structural decline in much of Australia). Business activity is dominated by the construction sector with above average shares of professional services (including real estate, technical services and finance).

Overall, the Lower Hunter population and economy would benefit from the development of new tourist accommodation in the region, helping to generate employment opportunities in non-population serving sectors while supporting the local construction industry.

3.0 Tourism Needs Assessment

3.1 Existing Tourism Profile

During the 2013 financial year, the Lower Hunter Region attracted approximately 110,000 international visitors, with an average length of stay of approximately 15 days, totalling approximately 1.6 million international visitor nights. The number of international visitors to the Lower Hunter Region has historically trended upwards, with a peak in visitors occurring in 2011 (approximately 130,000). The growth of international tourists decreased in 2012, which can be attributed to a wider macro trend of decreased international visitors due to macro factors such as the increased Australian Dollar. However, level have since increased.

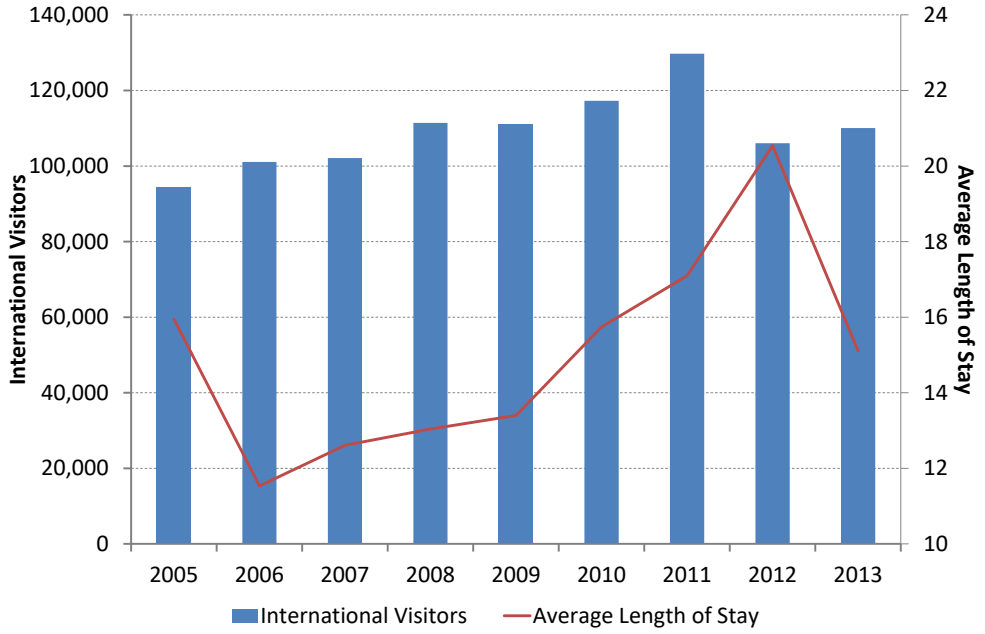

Figure 9 : International Visitors[7]

There were over 2.3 million domestic visitors who stayed overnight in the Lower Hunter Region during the 2013 financial year, with an average length of stay of approximately 2.8 days. Domestic overnight visitor numbers have fluctuated between 2005 and 2013, however overall the total number of visitors has been trending upwards and the variance between years has been relatively small (the exception being 2009 associated with macro-economic volatility).

The average length of stay for domestic overnight visitors within the Lower Hunter Region indicates the typical domestic overnight visitor to the region would likely be the weekend travellers, with an average length of stay of roughly three days. Pre 2008 the average length of stay was trending upwards, however post 2008 the average length of stay dropped by half a day and has now has appeared to stabilise at its current rate.

[7] TRA (2014), Tourism Research Australia Database, Tourism Research Australia, Canberra

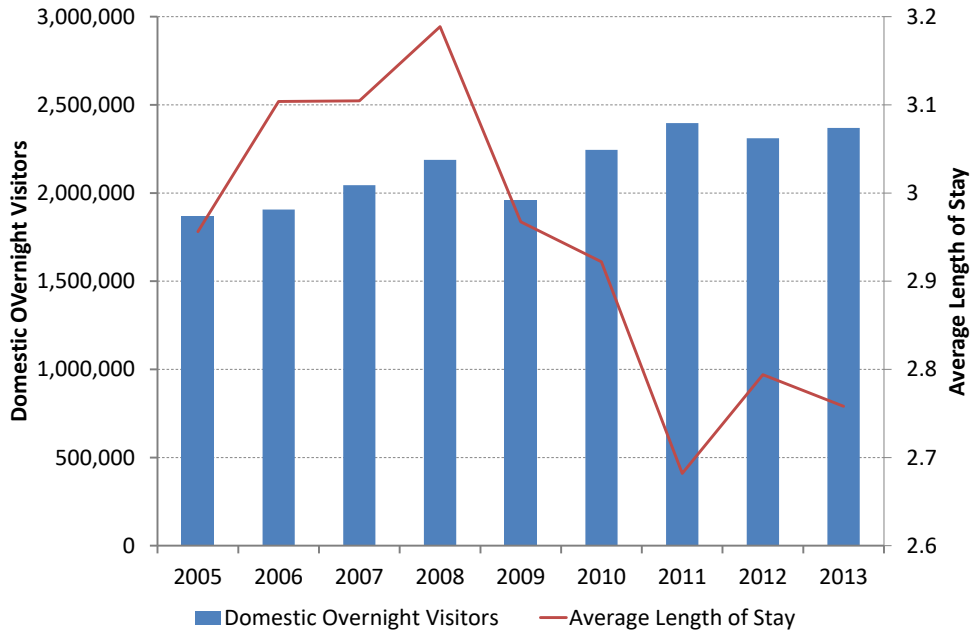

Figure 10 : Domestic Overnight Visitors[8]

The main purpose of travel for domestic overnight visitors coming to the Lower Hunter Region during 2012-13 was for visiting friends and relatives (40.1%), followed very closely by holidaying (39.9%). This is similar for international visitors (holidays at 54.4% and visiting friends and relatives at 30.1%) though with a slightly higher leisure share.

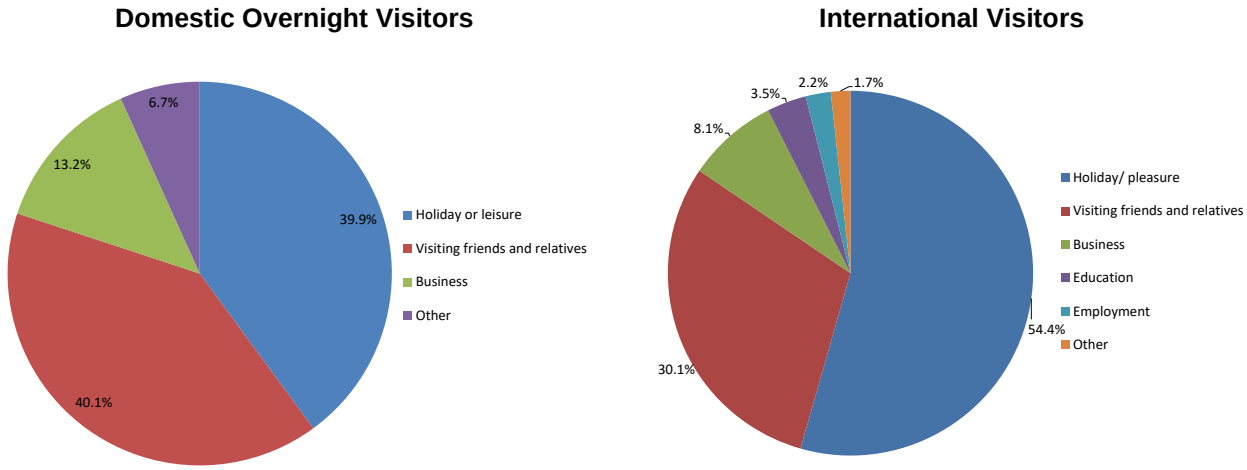

Figure 11 : Domestic Overnight and International Reason for Visit (2012-13)

The Williamstown Airport, also known as Newcastle Airport, had 17,151 aircraft movements in 2012-13, transporting approximately 1.2 million passengers a year. The number of aircraft movements at the Williamstown Airport have fluctuated significantly, with 2013 levels on par with the movements in 2001.

[8] TRA (2014), Tourism Research Australia Database, Tourism Research Australia, Canberra

Passenger numbers declined marginally in 2013. Between 2003 and 2009 the Williamstown Airport witnessed strong growth in passenger numbers brought about by more aircraft and the rise of low cost carriers such as Jetstar which made air travel more affordable for the domestic market.

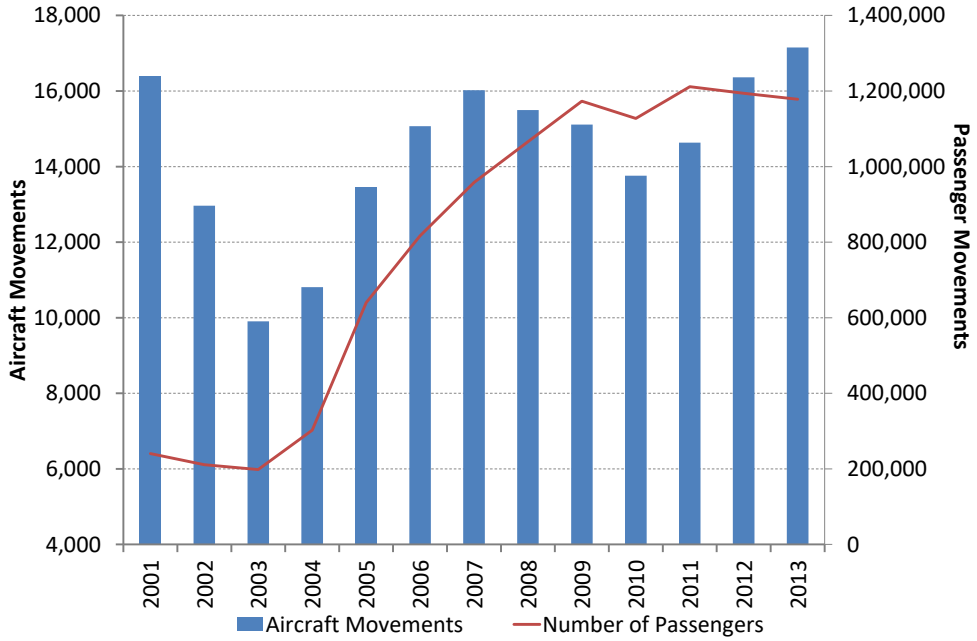

Figure 12 : Aircraft Movements [9]

When compared to the total tourism numbers within the Lower Hunter Region, total airport passenger movements only account for a small proportion of visitors to the region. Given the passenger movements include arriving and departing passengers, the total number of actual visitors travelling via aircraft to the Lower Hunter Region may be close to 600,000 visitors. This indicates the majority of visitors to the Lower Hunter Region would come to the Region via other means, most likely personal vehicle, on a bus as part of a tour group or by train.

3.2 Projected Tourism Visitors

Based on the Tourism Research Australia's 2013 Regional Forecast Tables, it is forecast that the number of domestic overnight visitor nights will increase to over 6.9 million visitor nights by 2021-22, with international visitor nights increasing to just less than 2.2 million nights. For the domestic overnight visitor nights, this represents a 6.3% increase compared to 2012-13, with growth in international visitor nights increasing by 30.5% from 2012-13 to 2021-22. In total, the projected growth for both domestic overnight and international visitor nights is projected to grow by 11.2% by 2012-13 to 2021-22.

[9] BITRE (2014), Airport Traffic Data 1985/86 to 2012/13, Department of Infrastructure and Regional Development, Canberra

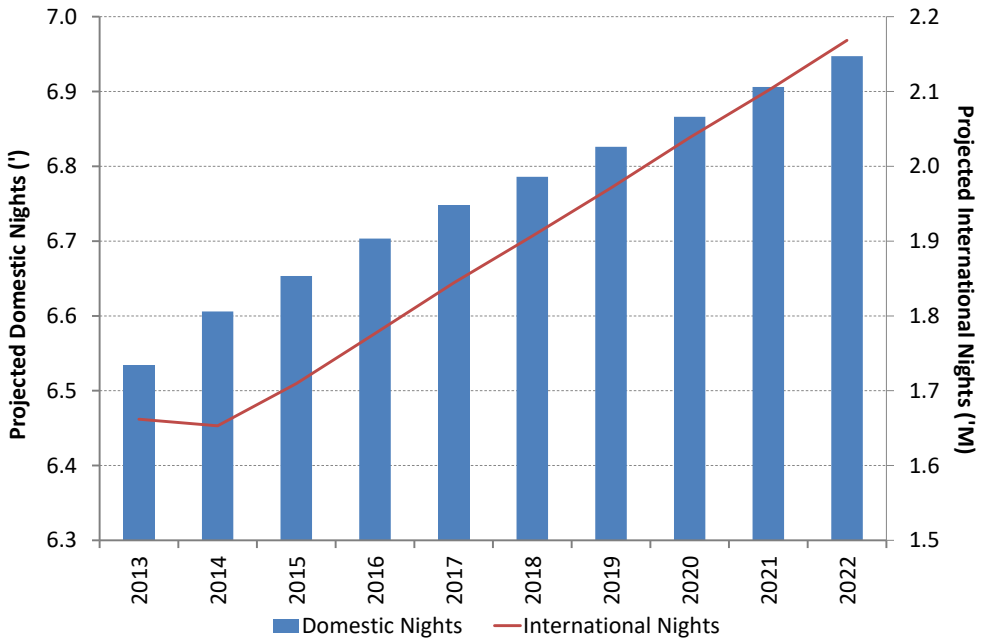

Figure 13 : Projected Tourism Visitation (2012-13 to 2021-22)[10]

3.3 Existing Tourism Supply

Within the Lower Hunter Region 175 advertised accommodation providers have been identified with a range of product offerings including bed and breakfasts, motels, backpacker hostels and self-contained cottages and apartments. As the table below shows, Port Stephens and Newcastle LGAs contain the highest number of advertised tourism accommodation, with 55 and 58 providers respectively. Of the identified tourist accommodation, only one provider recorded a 5 star rating, with an additional 31 providers receiving a 4.5 star rating. Of these 32 providers who have received a 4.5 star grading or higher, 13 are bed and breakfasts/cottages, 13 are self-catering apartments, 5 hotels and one caravan park. Given the Lower Hunter Region's tourist visitor nights existing accommodation providers, there is evidence that the Region lacks in high service, high quality resort style accommodation

Table 2 : Advertised Accommodation Providers[11]

Local Government Area	Number of Advertised Accommodation Providers
Cessnock	17
Maitland	25
Lake Macquarie	20
Newcastle	58
Port Stephens	55
Lower Hunter Region	**175**

Within the Lower Hunter Region, as of the June Quarter 2013, there were 91 hotel, motel and serviced apartment accommodation providers with 15 or more rooms. This is a large divergence away from the total

[10] TRA (2013), Regional Forecasts 2013, Tourism Forecasting Committee, Tourism Research Australia, Canberra
[11] Wotif (2014), Advertised Accommodation Providers, Lower Hunter Region, wotif.com accessed 24 April 2014

number of advertised tourism accommodation providers within the Region, indicating that approximately 52% of the total providers contain more than 15 rooms. Between the September Quarter 2009 and June Quarter 2013 the Lower Hunter Region recorded over 90 accommodation establishment, down from a high of 98 providers. It is unclear the reasoning behind this decrease, due to the nature of these estimates, accommodation providers may have decreased their number of rooms and now contain fewer than 15 rooms or may have closed/been closed for renovations. Alternatively, some establishments may cease to operate and have been removed from the market.

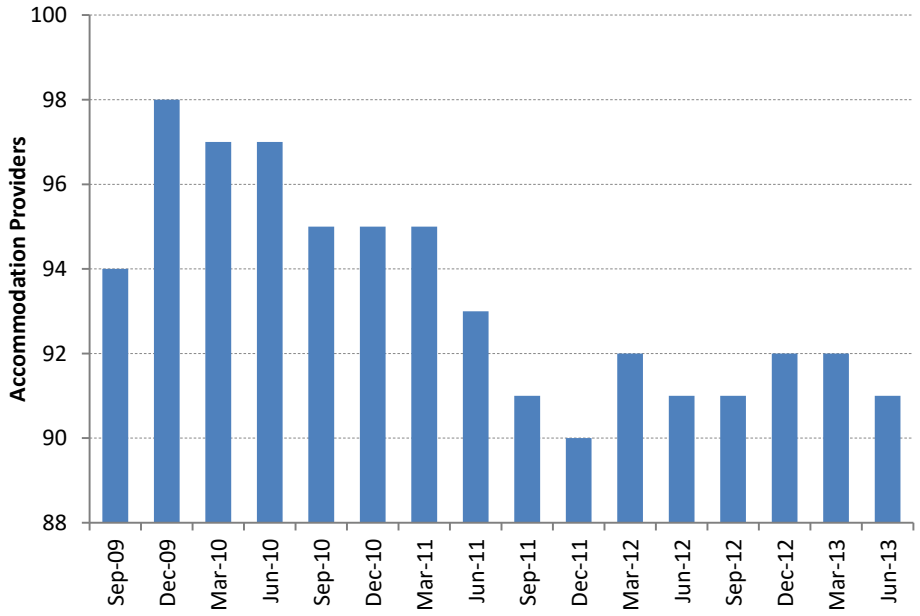

Figure 14 : Accommodation Providers (15 or more rooms)[12]

During the June Quarter 2013 there were an estimated 3,523 rooms available by hotels, motels and serviced apartments with 15 or more rooms, a decrease of approximately 80 rooms from the previous quarter. Between the March Quarter 2012 and the September Quarter 2012 the number of rooms within the Lower Hunter Region, from hotels, motels and serviced apartments with 15 or more rooms, increased by approximately 2% before decreasing in the December Quarter 2012. Over the recent quarters the total number of rooms has decreased by approximately 200 rooms, or 5%, indicating a potential structural decline in the supply of rooms, especially when taking into account the number of accommodation establishments have remained constant during the period.

[12] ABS (2013), Tourist Accommodation, Small Area Data, Australian Bureau of Statistics, Canberra

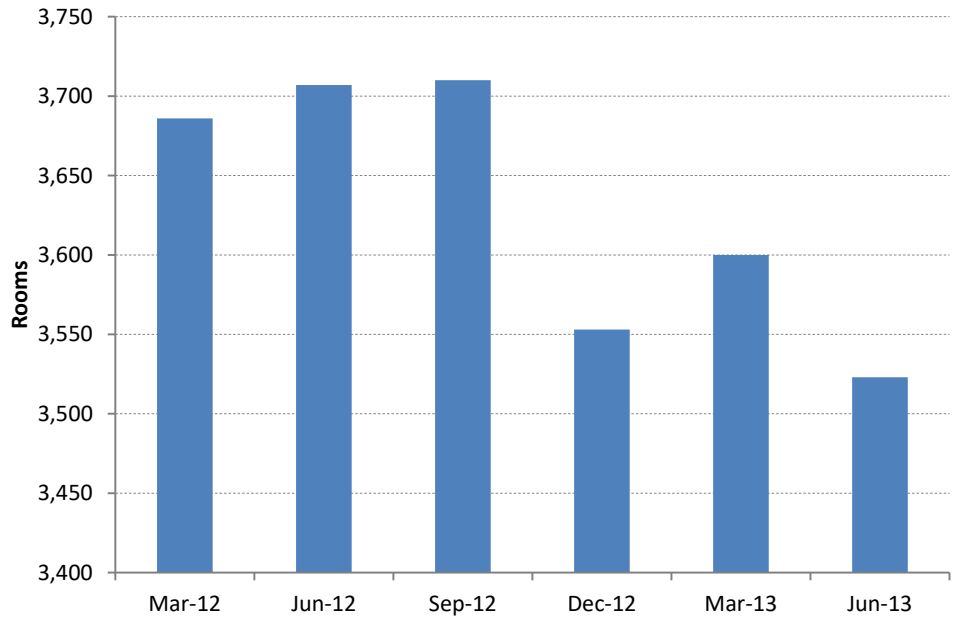

Figure 15 : Rooms Available in Lower Hunter Region (Accommodation Providers with 15 or More Rooms)

The Lower Hunter Region's tourism patterns are highly seasonal, with the high period occurring during spring and summer, with the low period during autumn and winter. This is highly evident in the table below where there is approximately a 5 percentage point difference between high and low period room occupancy rates. During the low period, room occupancy rates within the Lower Hunter region are still above 50%, indicating tourism demand continues throughout the lower periods of the year.

Furthermore, the revenue per room night available within the Lower hunter Region is highly seasonal, with an apparent discounting by accommodation providers to attract visitors to the Region during the low season, this is evident with room prices decreasing by approximately $10 per night during the lower quarters when compared to the high season, which is consistent with general tourism operations.

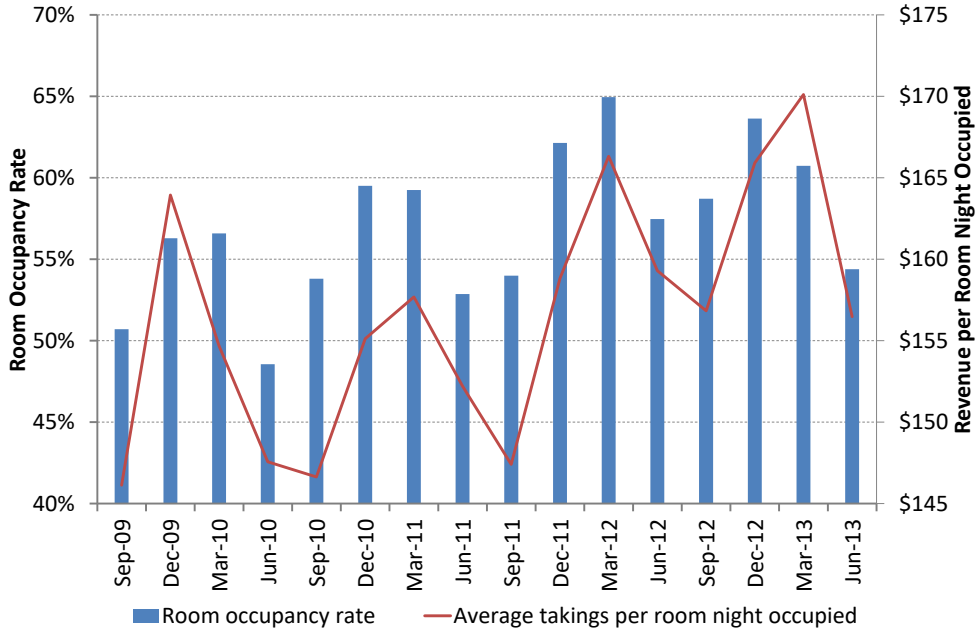

Figure 16 : Room Occupancy Rate and RevPAR (Accommodation Providers with 15 or More Rooms)

3.4 Key Findings

The Lower Hunter Region tourism is primarily a leisure and visiting friends and relatives (VFR) market, with steady growth in domestic visitor nights but declining international visitation levels. Aircraft based travel to the region has stabilised, after strong growth early in the decade while projections are for both domestic and international visitor nights to grow moderately over the next decade.

Despite this, tourist accommodation establishment numbers and room capacities have declined in recent years. Offering quality and a shift to residential and holiday home style accommodation are likely major contributors to this trend. However, the projected growth in visitation will require new high quality resort style accommodation to be brought into the Lower Hunter market, particularly to accommodate international visitors. The proposed development at Anna Bay has the potential to meet the need for this market and generate positive economic benefits.

4.0 Proposed Development

4.1 Proposed Development

The proposed development is a five star international eco-tourism resort consisting of up to 384 rooms/suites for accommodation, restaurant, meeting rooms and associated resort infrastructure including a gym, tennis courts and business facilities. The site is approximately 40 hectares, split in two by a road running northwards through the lot. The development is also being designed to ensure a high green star rating, making the development as environmentally friendly as possible.

The development will be positioned at 4177 Nelson Bay Road, Anna Bay which is located within the Port Stephens Local Government Area, within close proximity to the Williamtown Airport, the main airport for Newcastle.

4.2 Capital Expenditure

The total capital expenditure for the proposed development is approximately $230 million. Hotel and associated resort infrastructure will make up the majority, with landscaping and other amenities contributing the remainder of the investment. The breakdown per development item can be found in the table below.

Table 3 Capital Expenditure

Item	Capital Expenditure
Hotel Rooms	$40,834,500
Hotel Suites	$84,620,000
Hotel Infrastructure	$20,852,450
Reception areas	$31,337,600
Restaurant/Bar	$3,609,000
Conference Rooms	$2,832,000
Recreational Facilities	$9,685,000
Retail space	$645,000
Café/information centre	$3,788,500
Carpark/footpaths	$5,357,095
Landscaped areas	$25,303,855
Pool	$900,000
Tennis court	$160,000
Total Capital Expenditure	**$229,925,000**

Based off the cash flow and project feasibility data provided by the client, it is estimated that the development will take three years to be completed. From the cash flow data, the table below outlines the proportion of capital expenditure spent in each year of the construction phase.

Table 4 Staging of Capital Expenditure

Year	Proportion of Capex	Value of Capex ($M)
Year 1	17.0%	$39.1
Year 2	43.8%	$100.7
Year 3	39.2%	$90.1
Total	**100%**	**$229.9**

Note: Contains rounding

4.3 Projected Demand

Demand for the proposed development is projected to be 91,104 room nights occupied per annum. This is based on a total of 384 rooms within the development, operating at 365 days per year, or 140,160 room nights available annually.

A 65% room occupancy rate has been used to estimate the projected number of room nights occupied, which is regarded as the minimum occupancy rate required for an accommodation establishment to operate at a sustainable rate. Given the new nature of the proposed establishment and the desire to target international market segments, a higher occupancy rate is very likely.

By using a 65% room occupancy rate for projecting room demand, the estimate of total room nights occupied are regarded as conservative and highly defensible.

5.0 Economic Impact Assessment

This section outlines the construction and operational phase impacts of the proposed development to the Lower Hunter economy in terms of the level of activity and benefits the development is estimated to generate.

5.1 Economic Drivers

Economic benefits to the region are expected to occur in two phases, the construction phase and operational phase. The following section outlines the drivers used to determine the economic impact of the construction and operational phase of the development, which will inform the economic impact assessment.

5.1.1 Construction Drivers

Data provided by Raphael Shin Enterprises used to estimate the impact of the development during the construction phase are presented in the table below and are separated in terms of expenditure item. The construction period is expected to take place over a three year period, with total capital expenditure projected to be $299.9 million (2012/13 dollars). Capital expenditure is projected to peak during the year two, with $100.7 million in expenditure.

Based on the size of the region, the predominance of the construction sector and the form of the development, it has been assumed 75% of the construction expenditure will be spent on firms within the region, with the remaining 25% of construction expenditure occurring within the reminder of New South Wales.

Table 5 Capital Expenditure by Region

Year	Lower Hunter Region ($M)	Remainder of NSW ($M)
Year 1	$29.3	$9.8
Year 2	$75.5	$25.2
Year 3	$67.6	$22.5
Total	**$172.4**	**$57.5**

5.1.2 Operational Drivers

As was observed in the Tourism Needs Assessment section above, the Lower Hunter Region does not currently contain a 5 star international eco-tourism product; it is assumed the product will increase the number of tourists to the region through diversification of the existing product mix.

Using the total projected demand for the development identified in section 4.3, a total demand of 91,104 room nights per annum is expected. In order to be conservative, it has been assumed each room contains only one guest per room night occupied, resulting in a total of 91,104 guest nights annually.

Furthermore, the proportion of visitor nights within the Lower Hunter Region originating from visitors from New South Wales (i.e. intra state visitors) has been removed in order to estimate the economic impact of the additional demand to the State. This is because it is assumed visitors from within New South Wales would be travelling into the Lower Hunter Region regardless of the development and there expenditure represents an internal distribution of expenditure only, not additional induced expenditure. The visitor origin and proportion of visitor nights spent within the Lower Hunter Region can be found in the table below

Table 6 Lower Hunter Region Visitor Origin

Visitor Origin	Visitor Nights	Proportion of Visitor Nights
International	1,650,316	20.1%
Domestic Interstate	1,448,000	17.7%
Domestic Intrastate	5,100,000	62.2%

Based off these estimates, RPS estimated that an additional 34,430 room nights will be generated from the development from international and domestic interstate visitors to the region. This will comprise 18,339 room (guest) nights by international visitors, and 16,091 room (guest) nights occupied by domestic interstate guests.

RPS has then applied the average nightly expenditure per expenditure item to the number of international and domestic interstate nights to calculate the average annual expenditure per expenditure item. These annual expenditure items were then categorised according to the input-output industry classifications for use in the input-output economic impact assessment.

5.2 Types of Impacts Assessed

An input-output framework has been used to identify the direct and flow-on impacts, these direct and flow-on impacts to the economy have been estimated based on four key measures:

- **Output:** The total gross value of goods and services produced, measured in the price paid to the producer. Output includes any associated taxes or subsidies on its final production. Output values typically overstate the impacts as it counts all goods and services used in one stage of production as a input into later stages of production resulting in double counting.
- **Gross Value Add:** the additional value of a good or services over the cost of goods used in producing the good or service.
- **Incomes:** the level of wages and salaries paid to employees in each industry as a result of the development.
- **Employment:** the number of additional jobs created as a result of the additional expenditure, estimated as the number of jobs per $1million spent, expressed in terms of full-time equivalent (FTE) positions.

To measure these four indicators of the economic impact, three types of multipliers are used, these are:

- **Direct:** The construction or operational expenditure from the project under investigation. These involve the activities directly attributable to the development including operating expenditures and additional revenues. Direct impacts should only include the impacts which would not have occurred should the project not have gone ahead.
- **Indirect Type 1 Impacts (Supply Chain):** Represents the impacts arising from changes in activity for suppliers as a result of the direct stimulus. Type 1 impacts involve the impact on what the upstream supply chains do to fulfil the new increased level of spending.
- **Indirect Type 2 Impacts (household consumption induced):** Represents the household consumption induced activity arising from additional household expenditure as a result of the additional incomes received from the direct and type 1 industry impacts.

5.3 Criticisms of Economic Impact Assessments

Economic Impact Assessments based on IO-tables and Economic Multipliers have been criticised by Government and academia. RPS recognises Economic Multipliers are based on limited assumptions that can result in multipliers being a biased estimator of the benefits or costs of a project.

Shortcomings and limitations of Multipliers for economic impact analysis include:

- **Lack of supply–side constraints**: The most significant limitation of economic impact analysis using multipliers is the implicit assumption that the economy has no supply–side constraints. That is, it is assumed that extra output can be produced in one area without taking resources away from other activities, thus overstating economic impacts. The actual impact is likely to be dependent on the extent to which the economy is operating at or near capacity.
- **Fixed prices**: Constraints on the availability of inputs, such as skilled labour, require prices to act as a rationing device. In assessments using multipliers, where factors of production are assumed to be limitless, this rationing response is assumed not to occur. Prices are assumed to be unaffected by policy and any crowding out effects are not captured.
- **Fixed ratios for intermediate inputs and production**: Economic impact analysis using multipliers implicitly assumes that there is a fixed input structure in each industry and fixed ratios for production. As such, impact analysis using multipliers can be seen to describe average effects, not marginal effects. For example, increased demand for a product is assumed to imply an equal increase in production for that product. In reality, however, it may be more efficient to increase imports or divert some exports to local consumption rather than increasing local production by the full amount;
- **No allowance for purchasers' marginal responses to change**: Economic impact analysis using multipliers assumes that households consume goods and services in exact proportions to their initial budget shares. For example, the household budget share of some goods might increase as household income increases. This equally applies to industrial consumption of intermediate inputs and factors of production.
- **Absence of budget constraints**: Assessments of economic impacts using multipliers that consider consumption induced effects (type two multipliers) implicitly assume that household and government consumption is not subject to budget constraints.
- **Not applicable for small regions**: Multipliers that have been calculated from the national I–O table are not appropriate for use in economic impact analysis of projects in small regions. For small regions multipliers tend to be smaller than national multipliers since their inter–industry linkages are normally relatively shallow. Inter–industry linkages tend to be shallow in small regions since they usually don't have the capacity to produce the wide range of goods used for inputs and consumption, instead importing a large proportion of these goods from other regions[13].

Despite this, IO tables and Economic Multipliers remain popular due to their ease of use and communication of results. RPS has undertaken a number of steps and made appropriate adjustments to the EIA methodology to address and mitigate these concerns.

Firstly, this Assessment does not rely solely on the use of Economic Multipliers to inform the recommendations for the project. The study includes analysis of the characteristics of the local economy and tourism market and demonstrates economic benefits of the project. The EIA represents one of a number of assessments, allowing the results to be appropriately contextualised.

Secondly, RPS has provided results for direct, supply chain and household consumption induced benefits. This allows for the individual rounds of benefits to the economy of the project to be identified and separated.

[13] ABS (2013) Australian National Accounts: Input-Output Tables, 2009-10, Cat No 5209.0.55.001, Australian Bureau of Statistics, Canberra

Thirdly, the catchment of the Lower Hunter Region is a large area with a critical mass of population and business activity and a diverse economy. Adjustments have also been made to national Economic Multipliers to calculate the impacts on the Lower Hunter and State economies individually, through the development of regional transaction tables.

Fourthly,

RPS regards the use of Economic Multipliers as part of the EIA for the development as appropriate and measured and the results of the assessment as conservative, defensible and suitable for informing decision making.

5.4 Construction Phase

For the purpose of this assessment, the construction phase impacts have been broken up into the regional impacts, those which will occur within the Lower Hunter Region, and the State impacts (which include the whole of state impacts).

In order to understand the annual economic impact of the construction phase, yearly estimates economic impacts have been developed for the life of the construction phase for both the Regional and State. This reflects the fact the construction activity is project based and not ongoing like operational expenditure and so annual analysis provides a more accurate representation on the impact on the economy during the construction phase.

5.4.1 Regional Impacts

The tables below outlines the economic impact of the three years of construction on the Lower Hunter Region.

Table 7 : Regional Construction Phase Impacts, Years 1, 2 and 3

Year 1	Output ($M)	Value Add($M)	Income ($M)	Employment (FTE)
Direct Impact	$29.3	$9.3	$4.8	74
Indirect Impact (Supply Chain)	$27.6	$11.5	$6.6	111
Sub-Total	***$56.9***	***$20.7***	***$11.4***	***185***
Indirect Impact (Households)	$21.4	$11.9	$5.4	118
Total Impact	**$78.3**	**$32.6**	**$16.8**	**303**
Year 2	**Output ($M)**	**Value Add($M)**	**Income ($M)**	**Employment (FTE)**
Direct Impact	$75.5	$23.9	$12.3	191
Indirect Impact (Supply Chain)	$71.0	$29.5	$17.1	236
Sub-Total	***$146.5***	***$53.4***	***$29.3***	***427***
Indirect Impact (Households)	$55.0	$30.5	$13.8	213
Total Impact	**$201.5**	**$83.9**	**$43.2**	**640**
Year 3	**Output ($M)**	**Value Add($M)**	**Income ($M)**	**Employment (FTE)**
Direct Impact	$67.6	$21.4	$11.0	171
Indirect Impact (Supply Chain)	$63.6	$26.4	$15.3	211
Sub-Total	***$131.1***	***$47.8***	***$26.2***	***382***
Indirect Impact (Households)	$49.2	$27.3	$12.4	190
Total Impact	**$180.4**	**$75.1**	**$38.6**	**573**

The impact of the construction phase of the project on the Lower Hunter economy peaks in Year 2, when the project generates:

- $201.5 million in direct and indirect output impacts;
- $83.9 million in direct and indirect gross value add impacts;
- $43.2 million in direct and indirect income impacts; and
- 640 full time equivalent positions including 191 direct positions and 236 positions within the construction supply chain.

5.4.2 State Impacts

The tables below outlines the economic impact of the three years of construction on the State.

Table 8 : New South Wales Construction Phase Impacts Years 1, 2 and 3

Year 1	Output ($M)	Value Add($M)	Income ($M)	Employment (FTE)
Direct Impact	$39.1	$12.4	$6.4	99
Indirect Impact (Supply Chain)	$43.3	$18.6	$10.8	179
Sub-Total	***$82.4***	***$31.0***	***$17.2***	***278***
Indirect Impact (Households)	$37.3	$20.2	$9.3	197
Total Impact	**$119.7**	**$51.3**	**$26.5**	**475**
Year 2	**Output ($M)**	**Value Add($M)**	**Income ($M)**	**Employment (FTE)**
Direct Impact	$90.1	$28.5	$14.6	228
Indirect Impact (Supply Chain)	$99.7	$42.9	$24.9	412
Sub-Total	***$189.8***	***$71.4***	***$39.6***	***640***
Indirect Impact (Households)	$85.9	$46.6	$21.4	454
Total Impact	**$275.7**	**$118.1**	**$60.9**	**1,094**
Year 3	**Output ($M)**	**Value Add($M)**	**Income ($M)**	**Employment (FTE)**
Direct Impact	$90.1	$28.5	$14.6	228
Indirect Impact (Supply Chain)	$99.7	$42.9	$24.9	412
Sub-Total	***$189.8***	***$71.4***	***$39.6***	***640***
Indirect Impact (Households)	$85.9	$46.6	$21.4	454
Total Impact	**$275.7**	**$118.1**	**$60.9**	**1,094**

Once again, year two generates the largest annual impact on the State economy during the construction phase of the project. This includes:

- $308.1 million in direct and indirect output impacts;
- $131.9 million in direct and indirect gross value add impacts;
- $68.1 million in direct and indirect income impacts; and
- 1,223 full time equivalent positions.

Overall, the Lower Hunter Region's share of State benefits of the Construction Phase of the project varies between the types of impacts. While the Region is expected to accrue between 60-65% of the output, value added and income benefits of the construction phase, the level of employment capture is just over half. This is illustrated in the figure below.

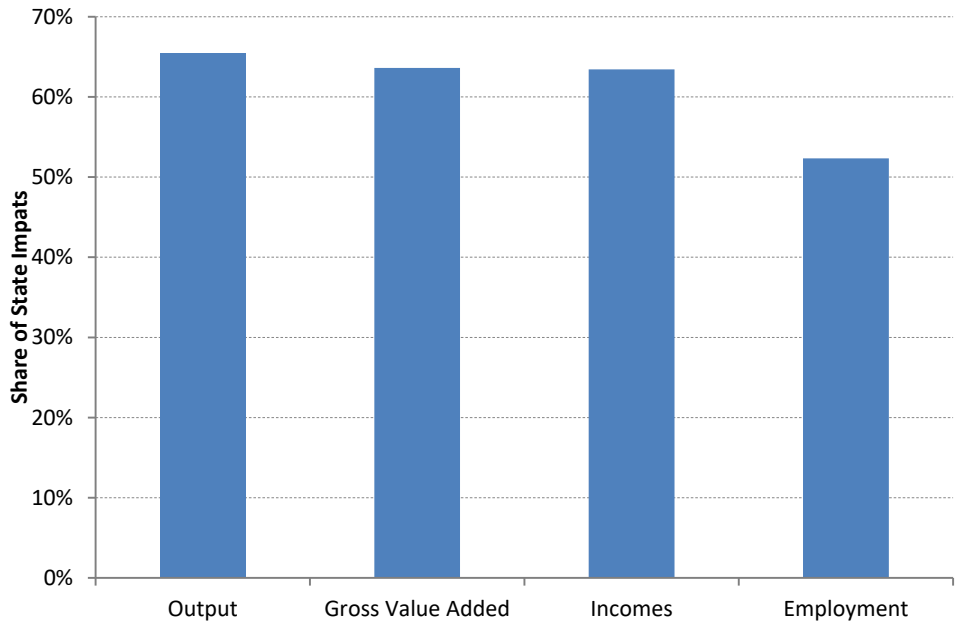

Figure 17 : Lower Hunter Region's Share of State Economic Impacts, Construction Phase

5.5 Operational Phase

The operational phase of the project is expected to generate permanent, ongoing annual impacts on the Lower Hunter Region economies. This will originated from the operational expenditure of the resort establishments, as well as the induced tourism expenditure drawn to the Lower Hunter Region through the offering of a new accommodation product.

5.5Table 9 summarises the total economic impacts on the Lower Hunter Regional economy once the development enters into full operation. Key impacts identified are estimated to be:

- $19.5 million in direct and indirect output impacts;
- $10.1 million in direct and indirect gross value add impacts;
- $5.2 million in direct and indirect income impacts; and
- 95 full time equivalent positions comprising of 55 direct positions and 15 positions through supply chain impacts.

Table 9 : Lower Hunter Region Full Operational Phase Impacts

	Output ($M)	Value Add($M)	Income ($M)	Employment (FTE)
Direct Impact	$8.5	$4.5	$2.5	55
Indirect Impact (Supply Chain)	$4.3	$1.9	$1.0	15
Sub-Total	***$12.9***	***$6.4***	***$3.5***	***69***
Indirect Impact (Households)	$6.6	$3.7	$1.7	26
Total Impact	**$19.5**	**$10.1**	**$5.2**	**95**

A review of the industry breakdown of these steady the accommodation and food services industry will receive the largest increase to gross value add once the establishment is fully operational, with an additional $3.7 million in value add generated within the Lower Hunter Region. The retail trade industry will record the second largest increase in value add, up $1.23 million per year at full operation.

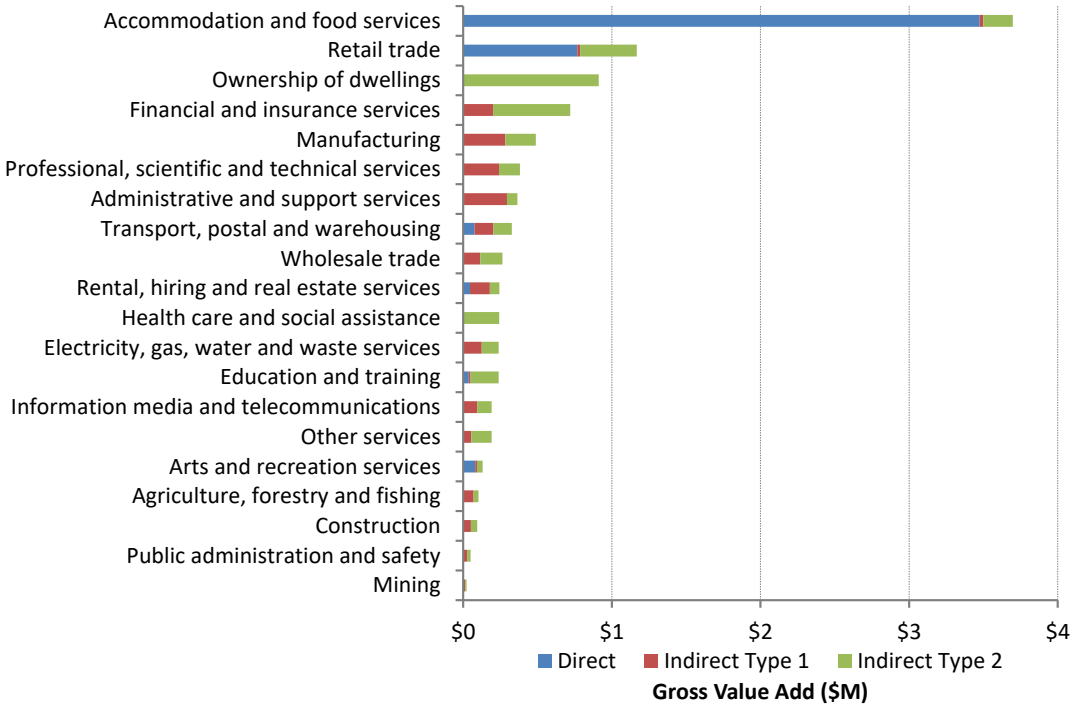

Figure 18 : Lower Hunter Full Operational Phase Gross Value Add by Industry

The accommodation and food services industry will benefit from the largest level of employment once the establishment is in full operation, with an additional 44 direct full time equivalent employees being required, with 40 of these positions being as a direct result of the development's operation. The retail trade industry recorded the second largest demand for FTE positions during the operational phase, with 17 FTE positions required.

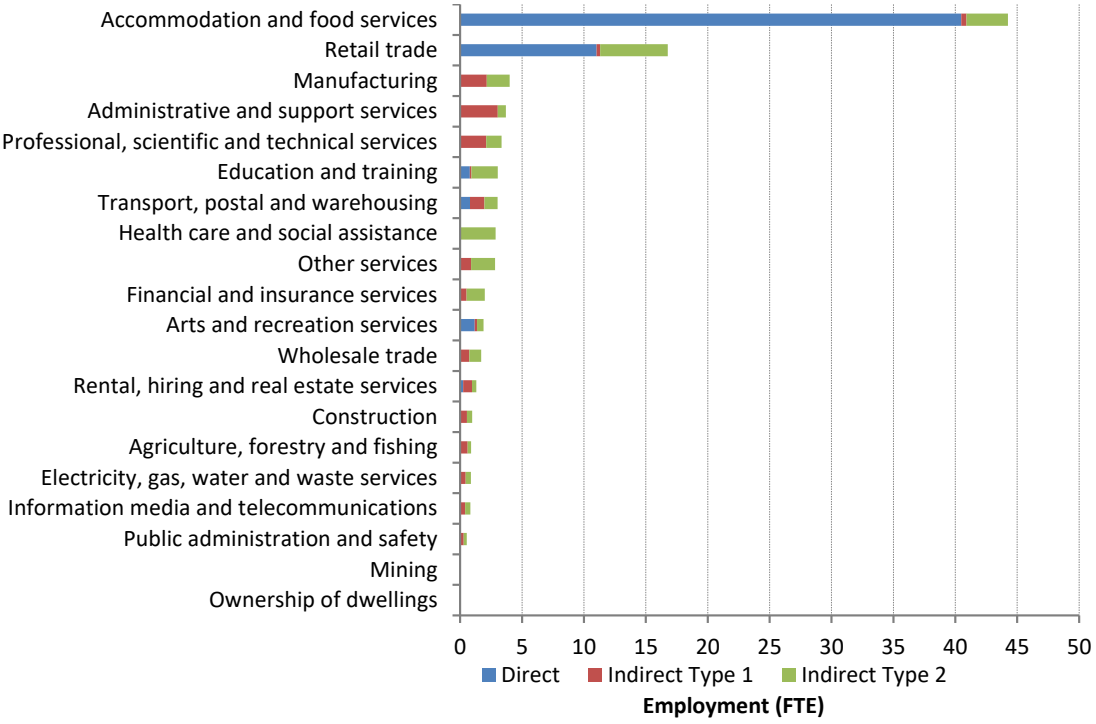

Figure 19 : Steady State Operational Phase Employment by Industry

5.6 Key Findings

The proposed development has the potential to generate significant positive impacts on the Lower Hunter Regional economy during both construction and operational phases. The peak construction impact (Year 2 of construction) will generate almost $84 million in direct and indirect gross value added and 640 jobs, including 191 from direct expenditure and activity.

Similarly, the operational phase will annually generate $10.1 million in direct and indirect gross value added for the Lower Hunter economy and 91 jobs. The sectors of Accommodation and Food Services and Retail Trade are expected to accrue the lion's share of ongoing operational benefits of the project, reflecting their association with tourism activity.

6.0 Economic Risk Assessment

6.1 Risk-Consequence Framework

RPS has employed a Likelihoods and Consequences-based matrix approach for assessing the risk profile of the project, to identify the likelihood and potential consequences of any impacts of the project. The risk assessment framework used identifies and ranks the likelihood of an impact occurring into relevant levels to inform key issues and impacts for avoidance, mitigation and measurement measures.

This approach considers both:

- The likelihood that a risk will occur; and
- The subsequent consequences to the project.

The table below contains the descriptors used to classify the likelihood and consequences used for the assessment.

Table 10 Risk Descriptors

Descriptor	Description
Likelihood	
Rare	The event may occur in exceptional circumstances
Unlikely	The event could occur in some time
Possible	The event may occur in some time
Likely	The event will probably occur in most circumstances
Almost Certain	The event is expected to occur
Consequence	
Insignificant	Possible impacts without noticeable consequences
Significant	Some limited impacts, but no significant changes
Severe	Significant changes, may be reversed with difficulty and changes
Major	Substantial and significant changes which may attract public concern, only partially able to be reversed.
Catastrophic	Extreme permanent changes, major outrage with the consequences unknown.

Using these descriptors, an assessment of project risk is undertaken, allowing for risks to be ranked in terms of their serious and management plan initiatives and actions appropriately targeted. An example of the risk assessment matrix is illustrated below.

Table 11 Likelihoods and Consequences Risk Assessment Framework

Consequence	Likelihood				
	Rare	Unlikely	Possible	Likely	Almost Certain
Insignificant	Negligible	Low	Low	Medium	Medium
Significant	Low	Low	Medium	Medium	High
Severe	Low	Medium	Medium	High	High
Major	Medium	Medium	High	High	Extreme
Catastrophic	Medium	High	High	Extreme	Extreme

Risk levels are categorised as Negligible, Low, Medium, High and Very High.

(1) **Negligible** – risks with an extremely low likelihood and consequence, risk is acceptable.

(2) **Low** – risks with a low likelihood and consequence, risk is generally acceptable.

(3) **Medium** – risks that have a more moderate likelihood/consequence combination, risk level is tolerable, effort to implement risk reduction measures is expected.

(4) ***High*** – risks where both likelihood and consequences scores are moderate or high, risk level is unacceptable and risk reduction measures must be pursued.

(5) ***Extreme***– risks where both likelihood and consequences scores are very high, risk level is unacceptable and should not be continued unless mitigation measures are developed

The treatment of each of these risks categories varies. While it is generally sufficient to simply note Negligible and Low Risks, Moderate Risks usually require some form of ongoing monitoring. In contrast, High and Extreme Risks are usually the subject of target mitigation actions as part of a Risk Management Plan.

6.2 Identified Risks/Impacts

The following economic risks have been identified.

Table 12 Identified Risks

Risk	Description
Slower Construction Phase	This assessment assumes the construction phase of the project occurs over 3 years, with a peak in economic impacts in the second year. If the project construction phase is delayed and extends to 4 or more years, the size of peak impact on the Lower Hunter economy will be smaller. However, the length of employment for some workers may be longer.
Non-Regional Supply Chains	Supply chain and industry capability characteristics of the Lower Hunter region have been used to assess the indirect impact of construction, expenditure on the region economy. However, some of these supply chain benefits may escape the region, depending on the procurement arrangements put in place, resulting in a reduced benefits for the Lower Hunter economy.
Lower Occupancy Rate	The occupancy rate assumed for the proposed development is lower than expected. This would reflect lower tourists and visitor numbers induced by the establishment and associated lower tourism expenditure into the Lower Hunter region than projected.
Higher Shares of Intra-State Visitors	RPS has assumed the current breakdown between intra and interstate domestic and international visitors for the region remains stable. However, if there is a larger number of intra-state visitors, their expenditure would not represent net additional benefits to the State economy. However, it would still benefit the Lower Hunter economy.
Lower Per Visitor Expenditure	Current average visitor expenditure levels, by visitor type, to the Lower Hunter region have been applied in this assessment. If visitor expenditure patterns change and a lower level occurs, this will have impacts on the size of the ongoing benefit to the Lower Hunter economy.
Lower Performance of Tourism Accommodation Establishments	The introduction of The Bay tourist accommodation establishment may impact the performance of existing establishments in the local and regional areas. This could include reduced room occupancy rates and RevPAR.
Increased Demand for Major Transport Infrastructure	Increased visitation induced by the establishment into the region may increase the utilisation of key transport infrastructure. This may include airport and road infrastructure within the region, which could necessitate investment by State and Local Governments.
Local Lifestyle and Amenity Impacts	The development of a tourist establishment in the Anna Bay area could have impacts on the lifestyle and amenity of the local area. This could be from increased traffic, during the construction phase or larger volumes of visitors to the area.
Local Environmental Impacts	The development of the project could impact the natural environmental of the local area including terrestrial and aquatic environments and associated fauna and flora.

6.3 Risk Assessment

The following table outlines the economic risk assessment of the proposed development.

Table 13 Economic Risk Assessment,

Risk	Likelihood	Consequence	Risk Level	Rationale	Mitigation Required
Slower Construction Phase	Possible	Significant	**Medium**	Construction delays are common with major projects. However, the impact of the delay on the regional economy will be to lengthen the period in time in which the same expenditure is accrued by the economy.	Monitor only.
Non-Regional Supply Chains	Possible	Severe	**Medium**	The supply chain benefits of the construction phase are expected to remain in the region due to the predominance of construction in the regional business and industry and the large size of the regional economy.	Monitor local and regional supply chains during construction procurement.
Lower Occupancy Rate	Possible	Significant	**Medium**	A lower occupancy rate could occur due to unforseen changes in market conditions. However, the assessment uses an industry standard and conservative occupancy rate meaning the risk is that occupancy rates will in fact be higher.	Monitor only.
Higher Shares of Intra-State Visitors	Unlikely	Insignificant	**Low**	The proposed project is expected to target international and interstate visitors. While a share of intra-state visitors is assumed, in line with current regional averages, it is expected that intra-state visitor shares of resort visitors will be below average.	Monitor only.

Risk	Likelihood	Consequence	Risk Level	Rationale	Mitigation Required
Lower Per Visitor Expenditure	Possible	Severe	**Medium**	Lower expenditure per visitor is possible and would likely reflect changes in the broader macro-economic environment and tourism market. This is outside of the control of the proposed development and would impact all tourist establishments in the Lower Hunter region generally.	Monitor only.
Lower Performance of Tourism Accommodation Establishments	Unlikely	Major	**Medium**	The introduction of a higher quality, eco-tourism accommodation offering in the Lower Hunter may have a flow on impact to the performance of existing establishments. However, the proposed development is expected to target market segments not currently catered for by existing supply(premium, international), meaning that a significant impact of occupancy rates and RevPAR of existing supply is unlikely.	Monitor occupancy rates of hotel establishments in Lower Hunter market post commencement of operation.
Increased Demand for Major Transport Infrastructure	Unlikely	Major	**Medium**	The development of the resort is expected to induce additional tourist visitation to the region, due to the unique premium nature of the proposed establishment. This has the potential to place increased demand on local transport infrastructure. However, the level of additional demand is unlikely to generate sufficient need to	Monitor only.
Local Lifestyle and Amenity Impacts	Unlikely	Significant	**Low**	The location of the development is unlikely to result in negative lifestyle and amenity impacts for local residents and visitors.	Monitor only.
Local Environmental Impacts	Unlikely	Severe	**Medium**	The scale of the development could result in some environment impacts. However, the eco-tourism focus of the establishment means the development seeks to retain, protect and enhance the natural environment.	Monitor only.

6.4 Key Findings

The economic risks associated with the development are minimal. The most significant risks relate to potential changes in the underlying conditions of the economy and the market, which may impact assumed occupancy rates and expenditure levels by tourists. However, the assumptions made in this assessment are conservative and defensible; with any risk expected to be on the upside.

Similarly, negative impacts on the performance of current tourist accommodation establishments in the region are unlikely. The proposed development seeks to target a premium eco-tourism market not otherwise catered for by establishments in the Lower Hunter region. This reflects the expectation for the development to induce new tourist visitation to the regional market, rather than cannibalise existing demand.

Overall, RPS regards the risk of negative economic impacts from the proposed development to be low to medium requiring ongoing monitoring only, with specific focus on supply chain/procurement benefits being captured locally and the performance of existing establishments.

7.0 Conclusions

The proposed eco-tourism development at Anna Bay has the potential to attract new visitation to the Lower Hunter region and revitalise regional tourism and economic activity. The proposed development will target a tourism market segment not catered for by current tourism offering.

The development is estimated to create significant benefits for the Lower Hunter region economy during both construction and operational phases, as a result of supply chain and household consumption induced expenditure benefits. The development will contribute to regional economic activity, particularly in construction, accommodation and food and retail trade sectors, which will help to diversify the economy away from population servicing and manufacturing sectors. In addition it will generate direct and indirect employment opportunities. This will assist to address the Lower Hunter region's rising level of unemployment rate including providing work for the large number of construction businesses that call the region home.

The risks of the project to the Lower Hunter regional economy are regarded as low to medium. The most significant risks relate to potential changes in the underlying conditions of the economy and the market, which may impact assumed occupancy rates and expenditure levels by tourists. However, the assumptions made in this assessment are conservative and defensible; with any risk expected to be on the upside.

Similar, negative impacts on the performance of current tourist accommodation establishments in the region are unlikely. The proposed development seeks to target a premium eco-tourism market not otherwise catered for by establishments in the Lower Hunter region. This reflects the expectation for the development to induce new tourist visitation to the regional market, rather than cannibalise existing demand.

Overall, RPS regards the economic impact of The Bay Resort Eco-Tourism development to be positive, contributing to regional economic activity and employment generation while presenting only minor risks to the Lower Hunter region economy and tourism market.

Appendix A: Advertises Accommodation Providers

Cessnock LGA

Name	Star Rating	Accommodation Type
Big4 Valley Vineyard Tourist Park	3.5	Caravan & Camping
Cessnock Motel	4	Motel
Cumberland Motor Inn	3.5	Motel
House on the Hill	None	Self Contained
Wine Country Motor Inn	4	Motel
Orangevale at Mount View	4.5	Cottage
Bimbadeen Estate	4	Motel
Bimbadeen Mountain Retreat	4	Bed & Breakfast
Cottages on Mount View	4	Cottage
Hunter Valley Hotel Academy	4	Hotel
Hunter Valley Motel	3.5	Motel
Hunter Valley YHA	3.5	Hotel
Kurri Motor Inn	3.5	Motel
The Australia Hotel	3.5	Motel
Vine Valley Inn	3.5	Motel
Hunter Valley Travellers Rest	3	Motel
Peden's Hotel	3	Hotel

Maitland LGA

Name	Star Rating	Accommodation Type
Anoushka's Boutique Bed and Breakfast	None	Bed & Breakfast
Bella Wind Bed and Breakfast	4	Bed & Breakfast
Best Western Endeavour Motel	3.5	Motel
Calvin House	None	Self Contained
Donnybrook Eco Retreat	None	Spa & Retreat
Eelah Barn Apartment	None	Self Contained (apartment)
Flying Changes Boutique Accommodation	None	Self Contained
Hunter River Retreat	None	Cabins & Cottages
Maitland City Motel	3	Motel
Mercure Maitland	4	Motel
Quest Maitland Serviced Apartments	4.5	Self catering apartment
Pindari House	4.5	Bed & Breakfast
Studio@The Close Morpeth	4.5	Cottage
The Old George and Dragon Guest House	4.5	Bed & Breakfast
Bronte Guesthouse	4	Bed & Breakfast
Eaglereach Wilderness Resort	4	Cabin
Maddies of Bolwarra	4	Bed & Breakfast
Red Lion Inn	4	Bed & Breakfast
Hunter Tennis Resort-Morpeth Lodge Motel	3.5	Motel
Monte Pio, Hunter Valley	3.5	Motel
Old Maitland Inn	3	Motel
Molly Morgan Motor Inn	3	Motel

Name	Star Rating	Accommodation Type
Vacy Village Motel	3	Motel
Shenanigans at the Imperial	2	Pub accommodation
Lochinvar House B&B	None	Bed & Breakfast

Lake Macquarie LGA

Name	Star Rating	Accommodation Type
Between Waters B&B - Lake Macquarie	5	Bed & Breakfast
Caves Beachside Hotel	4.5	Hotel
Kemeys Mountain Hideaway	4.5	Bed & Breakfast
Macquarie Inn	4	Motel
Spinnakers Leisure Park	4	Caravan park
Warners at the Bay	4	Motel
Aquarius Motel Belmont	3.5	Motel
Belmont Bayview Park	3.5	Caravan park
Big4 Lake Macquarie Monterey Tourist Park	3.5	Caravan park
Blue Pacific Swansea	3.5	Motel
Lake Macquarie Motor Inn	3.5	Motel
Lakeview Motor Inn	3.5	Motel
Mercure Lake Macquarie Rafferty's Resort	3.5	Self catering apartment
Pippi's At The Point	3.5	Hotel
Tantarra Bed and Breakfast	3.5	Bed & Breakfast
Black Swan Waterfront Motel	3	Motel
Blacksmiths Beach House	3	Backpacker/hostel
Eco-Inn Warners Bay	3	Motel
Squids Ink on the Lake	3	Motel
Gateshead Tavern Motel	None	Motel

Newcastle LGA

Name	Star Rating	Accommodation Type
Brezza Bella Bed & Breakfast	4.5	Bed & Breakfast
Cardiff Executive Apartments	4.5	Self catering apartment
Charlestown Executive Apartments	4.5	Self catering apartment
Chaucer Palms Boutique Bed & Breakfast	4.5	Bed & Breakfast
Chifley Apartments Newcastle	4.5	Self catering apartment
Chifley Executive Suites Newcastle	4.5	Self catering apartment
Crown on Darby	4.5	Self catering apartment
Crowne Plaza Newcastle	4.5	Hotel
Everton Apartments	4.5	Self catering apartment
Honeysuckle Executive Apartments	4.5	Self catering apartment
Maison de May Boutique Bed & Breakfast	4.5	Bed & Breakfast
Novotel Newcastle Beach	4.5	Hotel
Quest Newcastle Serviced Apartments	4.5	Self catering apartment
The Executive Inn	4.5	Hotel
The Gateway Inn	4.5	Hotel

Name	Star Rating	Accommodation Type
Albion Hotel Newcastle	4	Pub accommodation
Amore Boutique Bed & Breakfast	4	Bed & Breakfast
Best Western Blackbutt Inn	4	Hotel
Best Western PLUS Apollo International	4	Hotel
Bluegum Executive Apartments	4	Self catering apartment
Burwood Inn Merewether	4	Pub accommodation
Cardiff Motor Inn	4	Motel
Carrington Place	4	Bed & Breakfast
Clarendon Hotel	4	Pub accommodation
Delany Hotel	4	Pub accommodation
Ducks Crossing on Burton	4	Motel
Hamilton Heritage B&B	4	Bed & Breakfast
Jesmond Executive Villas	4	Self catering apartment
Junction Hotel	4	Pub accommodation
Mercure Charlestown	4	Hotel
Quality Hotel Noah's On The Beach	4	Hotel
Quality Suites Boulevard On Beaumont	4	Self catering apartment
Sunnyside Tavern	4	Pub accommodation
The Grand Hotel Newcastle	4	Pub accommodation
Travelodge Newcastle City	4	Hotel
Adamstown Elizabeth Motor Inn	3.5	Motel
Best Western Travellers Motor Village	3.5	Motel
Central Apartments	3.5	Self catering apartment
Hotel Novocastrian	3.5	Motel
Ibis Hotel Newcastle	3.5	Hotel
Motto Farm Motel	3.5	Motel
Newcastle Studio Apartments	3.5	Self catering apartment
Palm Valley Motel and Home Village	3.5	Motel
Panorama Motor Inn	3.5	Motel
Sovereign Inn Newcastle	3.5	Motel
The Premier Hotel	3.5	Pub accommodation
Tudor Inn Motel	3.5	Motel
Boulevard Serviced Apartments	3	Self catering apartment
Citigate Motel	3	Motel
Hanbury Lodge	3	Bed & Breakfast
Newcastle CBD Hotel	3	Hotel
Newcastle Harbourside Apartments	3	Self catering apartment
Newcastle Heights Motel	3	Motel
Oriental Hotel	3	Hotel
Hotel Jesmond	2	Pub accommodation
Mayfield Motel	2	Motel
Ibis Budget Newcastle	2	Motel
Cambridge Backpackers	None	Backpacker/hostel

Port Stephens LGA

Name	Star Rating	Accommodation Type
Abacus Accommodation Port Stephens	4.5	Bed & Breakfast
Al Zorro	4.5	Self catering apartment

Name	Star Rating	Accommodation Type
Anchor Light	4.5	Bed & Breakfast
BIG4 Koala Shores Port Stephens Holiday Park	4.5	Caravan park
Lavender Grove Farm	4.5	Bed & Breakfast
Mantra Aqua	4.5	Self catering apartment
Nelson Bay Bed & Breakfast	4.5	Bed & Breakfast
Oaks Pacific Blue Resort	4.5	Self catering apartment
Shoal Bay Resort & Spa	4.5	Self catering apartment
Accommodation at Salamander Beach	4	Bed & Breakfast
Amore At The Beach	4	Self catering apartment
Anchorage Port Stephens	4	Hotel
Bali in Broughton	4	Self catering apartment
Bays Holiday Park	4	Caravan park
Beaches Apartments Nelson Bay	4	Self catering apartment
BIG4 Soldiers Point Holiday Park	4	Caravan park
Boathouse Resort - Tea Gardens	4	Self catering apartment
Bonito Getaway	4	Self catering apartment
Casablanca Enchanted Cottage	4	Self catering apartment
Corlette Retreat	4	Self catering apartment
Halifax Holiday Park	4	Caravan park
Marty's At Little Beach	4	Self catering apartment
Middle Rock Holiday Resort	4	Caravan park
Oaks Lure	4	Self catering apartment
One Mile Beach Holiday Park	4	Caravan park
Shoal Bay Holiday Park	4	Caravan park
The Landmark Resort Nelson Bay	4	Hotel
The Nelson Resort	4	Motel
Admiral Nelson Motor Inn	3.5	Motel
BIG4 Karuah Jetty	3.5	Caravan park
Birubi Beach Holiday Park	3.5	Caravan park
Central Motel	3.5	Motel
Colonial Ridge Retreat	3.5	Self catering apartment
Colonial Terrace Motor Inn	3.5	Motel
Colonial Inn Sir Francis Drake	3.5	Motel
Fingal Bay Holiday Centre	3.5	Self catering apartment
Fingal Bay Holiday Park	3.5	Caravan park
Ibis Styles Port Stephens Salamander Shores	3.5	Motel
Leilani Haciendas Serviced Apartments	3.5	Self catering apartment
Lemon Tree Passage Motel	3.5	Motel
Marina Resort Nelson Bay	3.5	Motel
Nelson Bay Breeze Resort	3.5	Self catering apartment
Nelson Towers Motel	3.5	Motel
O'Carrollyn's Eco Retreat	3.5	Cabins
Peninsula Nelson Bay	3.5	Motel
Samurai Beach Bungalows Backpackers YHA	3.5	Backpacker/hostel
Tea Gardens Club Inn Motel	3.5	Motel
Wanderers Retreat Port Stephens	3.5	Cottage & Cabin
Corlette Palms Motor Inn	3	Motel
Karuah Motor Inn	3	Motel

Name	Star Rating	Accommodation Type
Port Stephens Motor Lodge	3	Motel
Sleepy Hill Motor Inn	3	Motel
The Retreat Port Stephens	3	Caravan park
Australian Motor Homes Tourist Park	2.5	Cabin
Seabreeze Hotel	2.5	Pub accommodation