



REMP LAN



Economic Impact Assessment

Maryborough Railway Station

Project undertaken for Central Goldfields Shire
March 2021

Maryborough Railway Station Economic Impact Assessment

This project has been conducted by REMPLAN

Project Team

Chris Kelly
Senior Consultant

Nick Byrne
Principal Consultant

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All figures and data presented in this document are based on data sourced from the Australian Bureau of Statistics (ABS), and other government agencies. Mainstream Aquaculture Group have provided all data in relation to the cost and income of the project. Using ABS datasets, the regional economic modelling software REMPLAN, developed by REMPLAN has been applied to generate industrial economic data estimates. This document is provided in good faith with every effort made to provide accurate data and apply comprehensive knowledge. However, REMPLAN does not guarantee the accuracy of data nor the conclusions drawn from this information. A decision to pursue any suggestions mentioned in the report is wholly the responsibility of the party concerned. REMPLAN advises any party to conduct detailed feasibility studies and seek professional advice before proceeding with any action and accept no responsibility for the consequences of pursuing any of the findings or actions discussed in the document.

RESOURCES

All modelling has been undertaken using REMPLAN™ software that has been authored by Principal Research Fellow (ret.), Ian Pinge, at La Trobe University Bendigo.

Contact us:

REMPPLAN
PO BOX 5006
SANDHURST EAST,
BENDIGO, VIC 3550
TEL: 1300 737 443
Email: info@rempplan.com.au

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1 Introduction

1.1 Purpose and aim

This report has been undertaken to understand the economic impact of a proposed upgrade to the Maryborough Railway Station, located in the principal centre of the Central Goldfields municipality in central Victoria. The specific purpose of the report is to identify the potential direct and indirect economic contributions for the Central Goldfields economy of both the initial capital upgrade and ongoing tourism expenditure in terms of:

- Output / Revenue (\$ M)
- Employment (FTEs)
- Value-added (\$ M)

Economic analysis in this report was undertaken using REMPLAN – *regional economic modelling and analysis system*¹. This study applies REMPLAN economic data for the defined regions of Central Goldfields (S), the Loddon Campaspe Region, and Victoria (State) incorporating data sourced from the ABS 2016 Census (Place of Work), 2017/2018 ABS National Input / Output Tables, ABS Gross State Product (June 2019), and ABS 2018 / 2019 Tourism Satellite Account.

Output

Output data represents the gross revenue generated by businesses/organisations in each of the industry sectors in a defined region. Gross revenue is also referred to as total sales or total income.

Output estimates provide an indication of the level of activity occurring in a region, an industry or organisation. Output is a high-level economic indicator which is inclusive of other indicators such as wages, intermediate inputs and value-added. Output is an essential measure in understanding the interrelationships between industries in a region as well as for measuring an individual industry's output. However, for the broader economy, output does include a degree of double counting by including the sales of intermediate products and final products. For this reason, other economic indicators are also outlined to provide an understanding of the contribution that the project makes to the region.

Employment

Employment data represents the number of people employed by businesses/organisations in each of the industry sectors in a defined region. Employment data presented in this report is based on location of work, i.e. no inference is made as to where workers reside. The employment figures in this report represent the total number of jobs with no conversion to full-time equivalence. For example, retail jobs represent typical employment profiles for that sector, i.e. some full-time, some part-time and some casual.

Understanding contributions to employment is important both economically and socially. Employment is important economically as a source of wages and salaries for employees but also acts as an indicator of economic activity or the economic climate. Socially, employment is important to individuals by creating instances for social interaction and contributing to feelings of self-worth and belonging. Conversely, provision of employment acts to mitigate the negative economic and social effects of unemployment.

¹ www.remplan.com.au

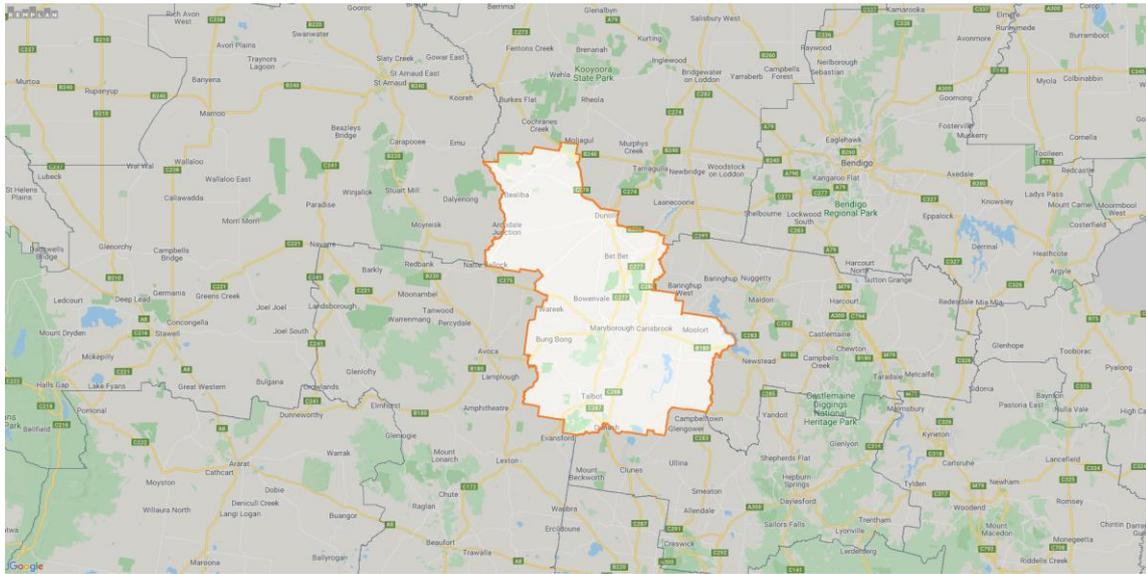
Value-Added

Value-added is a key economic metric which estimates the marginal economic value which is added by an industry in a defined region. Unlike output, value-added is a non-duplicative indicator as it excludes the costs of intermediate inputs. Therefore, it is one of the best indicators of industries’ contribution to the wealth of a region. Value-added by industry is the major element in the calculation of Gross Regional Product (and Gross State Product / Gross Domestic Product).

1.2 Regions

Economic impact analysis has been undertaken in the context of the Central Goldfields local government area, the Loddon Campaspe Region and the State of Victoria.

Figure 1-1 Central Goldfields (S) Local Government Area



Source: <https://remplan.co/31qEpXR>

Figure 1-2 Loddon Campaspe Region



Source: <https://remplan.co/3swfH4d>

Figure 1-3 Victoria (State)



Source: <https://remplan.co/2IkMlgk>

1.3 Background and Scope

The Maryborough Railway Station opened in 1874 with the current building constructed in 1890. The station – a substantial Queen Anne style red brick building featuring 25 rooms and an ornate clock tower – is an iconic structure that was originally intended to demonstrate the importance of this junction in the Victorian rail network.

In 1993, the station closed until 2008 when passenger rail services to Maryborough recommenced. The station currently accommodates a museum, gallery and café in addition to its transport related functions.

The upgrade proposed through this project will transform the station into a hub of activity, accommodating a mix of tourism, commercial, transport and community uses. Key components of the project will be:

- digital infrastructure and furnishings in the relocated Visitor Information Centre;
- an interpretive centre aligned with the Central Victorian Goldfields World Heritage bid;
- transformation of indoor and outdoor spaces to enable new tourism and arts uses;
- upgrade to pedestrian and cycling access, parking for larger tourism vehicles, and new landscaping;
- expanded co-working space.

This report models the impacts of undertaking the construction works and the subsequent anticipated increase in visitor numbers to the region upon completion.

1.3.1 Construction Phase

The total capital investment is estimated at \$2.05 million. The construction expenditure includes all construction, planning and design costs, and project management associated with the project as provided in the preliminary cost plan prepared by Prowse Quantity Surveyors on 25 March 2021. An additional cost item for Council's internal project management has also been included based on information provided by Council officers.

All expenditure has been included in the modelling, which assumes that local organisations will be engaged to undertake the works and provide services. Any change to this may alter the level of expenditure occurring within the region, and therefore reduce flow on impacts of expenditure for supply chain and consumption industries.

The direct and indirect economic impacts associated with the construction phase are short term and limited to the period of construction. Construction is planned to occur over a single year. If construction requires longer to complete this will affect the distribution and annual intensity of employment over the construction phase. Any variation in direct capital expenditure will affect the level of economic impacts attributable to the upgrade of the station.

The following table outlines the distribution and allocation of project costs over the period of construction as well as the industry that costs have been assigned in order to undertake economic impact modelling.

Table 1-1 Construction Cost Schedule and Allocation to Industry Sector for Modelling

Item No.	Cost item	Value (\$)	Industry Sector
1	Building works	\$1,604,507	Non-Residential Building Construction
2	Contract contingency	\$80,225	Non-Residential Building Construction
3	Building, professional, heritage and town planning fees	\$185,321	Professional, Scientific & Technical Services
4	External project management fees*	\$0	-
5	Loose furniture & equipment	\$40,000	Wholesale Trade
6	Authority contribution & headworks charges (excluded)	\$0	-
7	Council internal project management	\$139,947	Public Administration & Regulatory Services
	Total – Adjusted	\$2,050,000	

Source: Prowse Quantity Surveyors and Central Goldfields Shire Council

*Reallocated proportionately into cost items, 1,2 and 3.

1.3.2 Annual Visitor Expenditure

The upgraded railway station is anticipated to be an important attraction for the region, increasing visitation and therefore visitor expenditure in the region.

The latest tourism profile for the Central Goldfields Shire² indicates that in 2019 there were 93,000 domestic overnight visitors staying for an average of two nights, and 178,000 domestic day visitors that visited the region. In a scenario where the upgraded station resulted in an increase of visitation 2%, this would see an additional 1,860 domestic overnight visitors and 3,560 domestic day visitors. A summary of the scenario and associated expenditure based on average visitor expenditure as provided by Tourism Research Australia is provided in Table 1-2 below.

Table 1-2 Tourism Scenario

	Domestic Overnight	Domestic Day
TRA 2019 Figures*		
2019 Visitor numbers (000s)	93	178
Average nights	2	-
Average spend per day/night	\$92	\$99
Scenario Figures		
Visitor numbers (2% of 2019)	1,860	3,560
Average nights	2	-
Average spend per day/night	\$92	\$99
TOTAL annual expenditure by visitor type	\$342,240	\$352,440
TOTAL ANNUAL EXPENDITURE		\$694,680

*Source: Tourism Research Australia, 2021

² Tourism Research Australia (2021), Central Goldfields (S) Local Government Area Tourism Profile 2019 [Accessed 29 Mar 2021 - <https://www.tra.gov.au/regional/local-government-area-profiles/local-government-area-profiles>]

Total expenditure has been applied in the latest REMPLAN model for the Central Goldfields.

The following table provides a summary of the distribution of a visitor dollar for the Central Goldfields and is used to estimate the expected distribution of \$694,680 of visitor expenditure spent in the region.

Figure 1-4 Central Goldfields Distribution of Visitor Dollar

Industry Sector	Proportion of each visitor dollar	Expected Expenditure by Industry*
Accommodation & Food Services	27.7%	\$192,095
Manufacturing	27.4%	\$190,115
Retail Trade	14.0%	\$97,187
Transport, Postal & Warehousing	13.7%	\$95,127
Arts & Recreation Services	5.3%	\$36,580
Ownership of Dwellings	3.7%	\$26,016
Administrative & Support Services	3.4%	\$23,432
Agriculture, Forestry & Fishing	1.0%	\$6,908
Other Services	1.0%	\$6,687
Wholesale Trade	0.8%	\$5,671
Health Care & Social Assistance	0.8%	\$5,387
Information Media & Telecommunications	0.6%	\$4,075
Rental, Hiring & Real Estate Services	0.4%	\$2,763
Education & Training	0.4%	\$2,635
Total	\$1.00	\$694,680

Source: REMPLAN Economy

*Industry values may not add to total due to rounding.

2 Economic Impact Assessment – Construction

2.3 Output

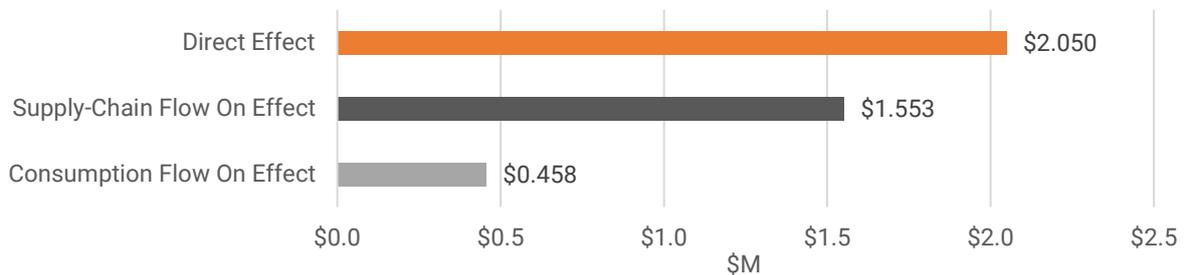
This direct increase of \$2.05 million through the construction phase of the project will generate demand for intermediate goods and services sourced within Central Goldfields and is estimated at up to \$1.553 million. These 'supply-chain effects' occur through the transactions made between local businesses and organisations within Central Goldfields and include multiple rounds of flow-on effects, as servicing sectors increase their own output and demand for local goods and services in response to the direct change to the economy.

The direct and indirect output under this scenario will support jobs in the economy and the corresponding payment of wages and salaries to employees. A proportion of these wages and salaries are typically spent on consumption and a proportion of this expenditure is captured in the local economy. The consumption effects under this scenario are estimated at \$0.458 million.

Total output, including all direct, supply-chain and consumption effects are estimated to increase by up to \$4.061 million. This represents a Type 2 Output multiplier of 1.981.

That is, for every dollar of direct spend under this construction scenario, it is estimated that a further \$0.98 would be generated in the broader Central Goldfields economy once flow-on industrial and consumption effects are taken into consideration.

Figure 2-1 Construction Impact on Output (\$M) – Central Goldfields



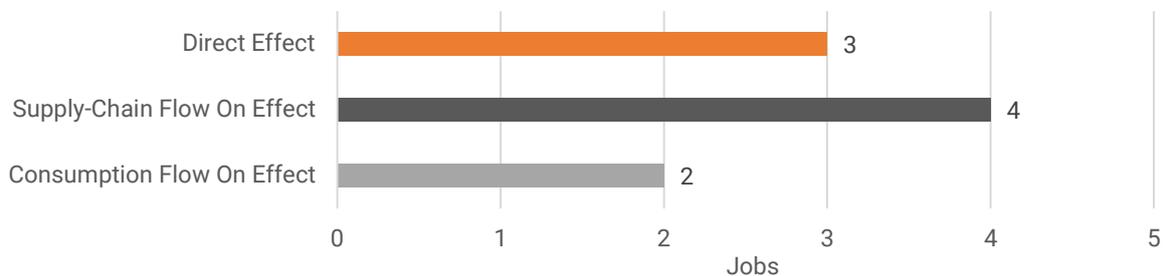
2.4 Employment

The corresponding employment associated with direct expenditure of \$2.05 million is three jobs. From this direct stimulus into the economy, flow-on industrial effects in terms of local purchases of goods and services are anticipated, and it is estimated that these indirect impacts would support up to a further four jobs.

The direct and indirect output and jobs in the economy will support the payment of wages and salaries to employees. The consumption effects under this scenario are estimated to generate a further two jobs.

Total employment, including all direct, supply-chain and consumption effects are estimated to support up to nine local jobs. This represents a Type 2 Job multiplier of 3.000.

Figure 2-2 Construction Impact on Employment – Central Goldfields



2.5 Value-Added

From the direct local construction expenditure, the corresponding direct value-added is estimated at \$0.568 million. Flow on supply-chain effects generated through local purchases of goods and services are anticipated are estimated to support a further \$0.566 million of value-added to Central Goldfield's Gross Regional Product.

The consumption effects which are generated through the capture of expenditure of additional wages and salaries are expected to further boost value-added by \$0.263 million.

Total value-added, including all direct, supply-chain and consumption effects are estimated to increase by up to \$1.397 million. This represents a Type 2 Value-added multiplier of 2.460. That is, for every dollar of direct value-added generated by the construction expenditure on the project, a further \$1.46 is created elsewhere in the local economy.

Figure 2-3 Construction Impact on Value Added (\$M) – Central Goldfields



2.6 Summary – Construction Phase

The economic benefits for Central Goldfields over the construction phase of the project have been summarised in Table 2-1. The figures outline the total impacts on output, jobs and value-added over the construction phase of the Maryborough Railway Station upgrade. In addition to the impact for Central Goldfields, the economic impacts of the upgrade to the broader Loddon Campaspe and Victorian State economies are also provided.

The estimated flow-on benefits for the Loddon Campaspe Region and Victoria are significantly higher than for Central Goldfields, reflecting the broader regions' greater capacity to supply intermediate goods and services for the project and to service household consumption relative to Central Goldfields.

Table 2-1 Construction Impact Summary – All Regions

Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Central Goldfields					
Output (\$M)	\$2.050	\$1.553	\$0.458	\$4.061	1.981
Employment (Jobs)	3	4	2	9	3.000
Value-added (\$M)	\$0.568	\$0.566	\$0.263	\$1.397	2.460
Loddon Campaspe Region					
Output (\$M)	\$2.050	\$1.998	\$0.807	\$4.854	2.368
Employment (Jobs)	3	5	3	11	3.667
Value-added (\$M)	\$0.568	\$0.748	\$0.442	\$1.757	3.093
Victoria					
Output (\$M)	\$2.050	\$2.740	\$1.695	\$6.485	3.163
Employment (Jobs)	3	7	5	15	5.000
Value-added (\$M)	\$0.568	\$1.031	\$0.855	\$2.454	4.320

3 Economic Impact Assessment – Visitor Expenditure

The following section models the economic impacts of the increased visitor expenditure in Central Goldfields as a result of the upgrades to the facilities and visitor experience at the Maryborough Railway Station. Analysis has not been prepared for the broader regions of Loddon Campaspe or Victoria as estimating the levels of visitation from these respective regions is beyond the scope of this project.

The economic impacts summarised below are ongoing annually and would be supported by the local economy as long as the corresponding level of visitor expenditure is sustained. Table 3-1 provides an overview of the impacts by industry resulting from the additional visitor expenditure.

In addition to the total effect of visitor expenditure it is important to consider the multiplying effect of direct visitor expenditure. Under the modelled scenario, for every dollar of direct output, Central Goldfields benefits a further 49 cents once flow on impacts are considered, with higher multipliers occurring for value-added. Therefore, as direct visitor expenditure increases, flow on benefits will increase proportionately. Table 3-2 provides a summary of the results including the economic multipliers.

Table 3-1 Sectors with largest impact of visitor expenditure

Output	Direct Effect (\$)	Supply-Chain Effect (\$)	Consumption Effect (\$)	Total (\$)
Agriculture, Forestry & Fishing	\$6,908	\$14,028	\$3,027	\$23,963
Manufacturing	\$190,115	\$26,193	\$13,335	\$229,642
Construction		\$20,231	\$5,390	\$25,621
Retail Trade	\$97,187	\$8,994	\$21,537	\$127,718
Accommodation & Food Services	\$192,095	\$5,250	\$11,720	\$209,065
Transport, Postal & Warehousing	\$95,127	\$21,532	\$5,627	\$122,286
Professional, Scientific & Technical Services		\$18,947	\$2,930	\$21,877
Administrative & Support Services	\$23,432	\$19,031	\$2,867	\$45,331
Arts & Recreation Services	\$36,580	\$3,794	\$3,633	\$44,008
Ownership of Dwellings	\$26,016		\$43,712	\$69,728
Balance of 10 industries	\$27,218	\$46,174	\$39,798	\$113,190
TOTAL	\$694,680	\$184,174	\$153,577	\$1,032,430

3.3 Summary – Visitor Expenditure

Table 3-2 Additional Visitor Expenditure Impact Summary – Central Goldfields

Impact Summary	Direct Effect	Industrial Effect	Consumption Effect	Total Effect	Type 2 Multiplier
Output (\$)	\$694,680	\$184,174	\$153,577	\$1,032,430	1.486
Employment (Jobs)	3	1	1	5	1.667
Value-added (\$)	\$288,424	\$81,620	\$88,232	\$458,276	1.589