

Terry, Sean (DPaC)

From: Adrian Bold <arb@mtwellingtoncablecar.com>
Sent: Wednesday, 15 February 2017 9:18 PM
To: Terry, Sean (DPaC)
Subject: Scenic World contact

Hi Sean,

Anthea Hammon, Managing Director of Scenic World is expecting your call, however she has limited availability this week.

Cheers,
Adrian

Sent from my iPhone

Released under RTI

Terry, Sean (DPaC)

From: Jude Franks
Sent: Monday, 20 March 2017 5:00 PM
To: Terry, Sean (DPaC)
Subject: Re: media inquiry abc news

Thanks Sean,

Kind regards,

Jude

Jude Franks

Principal- Jude Franks Consulting
Tourism, Marketing & Management Consultants

Chairman-Mt Wellington Cableway Company Pty Ltd
Director;
Port Arthur Historic Sites Management Authority, RACT, RACT Destinations, RACT Travel & Cartela Steamship

On 20 Mar 2017, at 2:59 PM, Terry, Sean (DPaC) <Sean.Terry@dpac.tas.gov.au> wrote:

Thanks Jude. I will be back from Canberra tomorrow and will organise a catch up to discuss next steps.

Sent from my iPhone

On 20 Mar 2017, at 1:21 pm, Jude Franks wrote:

Hi Sean ,
Fyi re the ABC . My plan us to just not comment at this stage and just let them know we will be in a position to answer some of the questions soon after we fully understand the next steps with all stakeholders .
Would like to meet if you can though to plan next steps please .
Bests

Jude
Principal
Jude Franks Consulting
Tourism,Management and Marketing Consultants

Begin forwarded message:

From: Adrian Bold <arb@mtwellingtoncablecar.com>
Date: 20 March 2017 at 12:50:34 pm AEDT
To: jude@mtwellingtoncablecar.com
Subject: Fwd: media inquiry abc news

FYI

Sent from my iPhone

Begin forwarded message:

From: Edward O'Connor <OConnor.Edward@abc.net.au>
Date: 20 March 2017 at 9:45:22 AM AEDT
To: "ceo@mtwellingtoncablecar.com"
<ceo@mtwellingtoncablecar.com>
Subject: media inquiry abc news

Hi Adrian

As per my text message here are the following questions..

When do you expect a Development Application will be lodged and how do you explain multiple delays with previous DAs?

Which entity will a DA be lodged to, given the government's moving to take the process out of Hobart City Council's hands?

Can you outline the expected economic benefits for Hobart and Tasmania broadly from the cable car ie, how many extra visitors, economic injection etc?

How many people are expected to use the cable car peak and off peak?

Can you clarify how much the entire project will cost, \$54-million, \$50-million, \$60-million-plus?

Does Mount Wellington Cableway Co. intend on operating the cable car as well as building it?

Why did the Canadian investors pull out?

You say on the website 'Our most recent Capital Raise in September 2016 achieved a fantastic 32% oversubscribed result, expanding upon our first raise in October 2015,' - how much money has been raised and is it enough to cover the entire cost of the project?

If not how do you plan on covering the entire cost of the project, ie when will the next capital raising be?

Why won't you release the Research data, financial modelling, breakeven analysis and the business plan?

Will the main building on the pinnacle be more than one story or 3.5 metres – meaning you'll have to prove to the Mount Wellington Trust the building won't intrude on the mountain's footprint?

What assurances can you give Cascades management supports the project and have you had to recommence talks following the take over from AB InBev?

My deadline is midday tomorrow. Give me a call if that's an issue.

Regards,

<image001.gif>

Ted O'Connor

Journalist, ABC News Tasmania

P **03 62353347** E connor.edward@abc.net.au

M **0437360426** @ **tedoconnor4**

<image002.jpg>

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Terry, Sean (DPaC)

From: Saddler, Adam (DPaC)
Sent: Wednesday, 20 July 2016 5:11 PM
To: Christian Rainey | MWCC; Terry, Sean (DPaC)
Subject: RE: MWCC Economic Impact Report

Thanks Christian

From: Christian Rainey | MWCC [mailto:christian@mtwellingtoncablecar.com]
Sent: Tuesday, 19 July 2016 4:16 PM
To: Terry, Sean (DPaC); Saddler, Adam (DPaC)
Subject: Re: MWCC Economic Impact Report

Hello again Sean & Adam,

FYI – attached is the FINAL version of our Economic Impact Report on the Mount Wellington cable car (MWCC).

The report details the economic impact of MWCC to be between \$79.4 million and \$99.8 million per annum.

On behalf of our CEO Adrian Bold, thank you for your help so far, as this project is set to gain serious momentum in the coming months.

Regards,

Christian

From: Christian Rainey <christian@mtwellingtoncablecar.com>
Date: Monday, 9 May 2016 3:43 pm
To: <Sean.Terry@dpac.tas.gov.au>, <Adam.Saddler@dpac.tas.gov.au>
Subject: MWCC Economic Impact Report

Hi Sean & Adam,

Adrian Bold has asked me to send you the attached final version of our *Economic Impact Report* by Strategy 42 South & Saul Eslake - a comprehensive report on the broader economic impact of the current Mount Wellington Cable Car proposal and its implications on the sustainability of the tourism industry in Southern Tasmania.

While this has not yet been released publicly, feel free to share as you see fit.

Regards,

Christian

Christian Rainey

COMPANY SECRETARY

MOUNT WELLINGTON CABLEWAY COMPANY PTY LIMITED.

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environmental. economic. socially inclusive. experience.

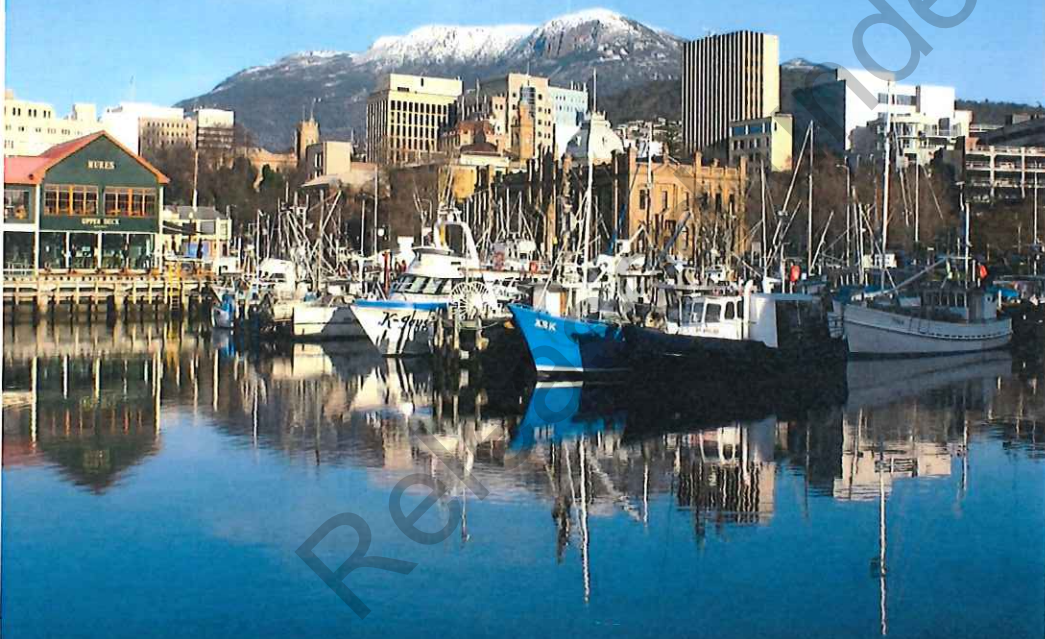
mwcc



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MOUNT WELLINGTON CABLE CAR: ECONOMIC IMPACT

A comprehensive report on the broader economic impact of the current Mount Wellington Cable Car proposal and its implications for the tourism industry in Southern Tasmania



MAY 2016





4/5/2016

To Whom It May Concern

In my opinion, the Mount Wellington Cable Car Economic Impact Report prepared by *Strategy 42 South* has used plausible, conservative assumptions and a sound, robust methodology to estimate the economic impact of the Mount Wellington Cable Car project.

The Report identifies the pitfalls commonly experienced in undertaking assessments of this nature, and has taken conscious steps to avoid making them in this exercise. While all assessments of this nature are inherently subject to arrange of uncertainty, readers and users of this Report can be confident that its author has taken reasonable steps to avoid inflating the benefits of or under-stating the costs associated with the Mount Wellington Cable Car project.

On the basis of this report, I believe that the Mount Wellington Cable Car project is worthy of serious consideration by business leaders, local and State government officials and elected representatives, and the Hobart and Tasmanian communities more broadly, with a view to allowing it an opportunity to proceed on a commercial basis.

Regards,

Saul Eslake
Economist

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QUALIFICATIONS

This report was commissioned by Mount Wellington Cableway Company Pty Limited (the Company) and considers the economic impact of the Mount Wellington Cable Car (MWCC) project and a number of key parameters in the context of the growth of tourism in Southern Tasmania.

This study has been conducted independently and at arms-length from the Company. There is no financial relationship between the author and the Company.

This study is not intended to be a critical review of the Company's financial analysis or parameter assumptions. Accordingly, it is necessary to rely on confidential data provided by the Company and its advisers. However, discussions with the Company (including management and Board members) and its advisers, combined with external verification where possible, have underpinned an assessment that the data provided were robust and supported by the experience attained by the operators of similar assets in other jurisdictions.

Strategy 42 South understands that this report may be released to specific stakeholders or publicly. Any external audiences should acknowledge that the report has not been subject to any specific industry consultations other than those facilitated by the Company.

The report should not be used for any other purposes unless authorised by Strategy 42 South or the Company.

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CONTACT

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Principal, Strategy 42 South
Hobart, Tasmania

0418 967 377

EXECUTIVE SUMMARY

There are several approaches to measuring the impact of major projects or business activities, which are based on the contributions of specific sectors to the overall economy. Of the various approaches, multipliers that measure the direct and indirect effects of additional expenditure on the broader economy, based on published input-output tables, are appropriate for a study of a greenfield tourism project such as the Mount Wellington Cable Car. While this is generally the best approach, there are a number of limitations — such as the risk of overstating economic benefits and the impact of imported goods and services that offset these benefits — that must be recognised in quantitative analysis.

In the context of these limitations, this study applies economic multipliers with appropriate degrees of caution, and in some instances, a conservative approach to modelling parameters. The multipliers used in this study are generally consistent with the lower end of estimates contained in a number of studies of the economic impact of tourism in Tasmania and nationally, which suggest that, for every new dollar earned directly in tourism, between 75c and 90c is also generated in other parts of the economy.

Development of the MWCC will occur at a time of strong growth in the Tasmanian tourism sector, with visitor numbers growing by 8 per cent per annum, the length of visits increasing and 11 per cent growth in visitor spending.

However, the Tasmanian economy is very diverse, more so than is often recognised, and there are several sectors that are in decline. Overall, Tasmania's economy has entered a period of sustained, but modest, growth over the past three years which is largely driven by the private sector instead of the public sector. However, this economic performance is yet to translate into consistent employment growth.

In a longer term perspective, structural changes mean that there is a mismatch between the skills and demographics of workers displaced from declining sectors, such as manufacturing, and those of growth industries, such as hospitality and tourism.

As a consequence, tourism-focused projects such as the MWCC — particularly if they are able to induce additional demand or longer stays — have the potential to grow local employment and improve youth unemployment, although they are unlikely to address the State's broader structural unemployment issues.

To analyse MWCC's economic impact, this study separates the respective spending and multiplier effects for the following key markets:

- ▶ local patrons riding to the pinnacle on the cable car
- ▶ free and independent travellers
- ▶ patrons who purchase tickets sold by MWCC through wholesale package channels
- ▶ mountain bike (MTB) enthusiasts
- ▶ other visitors (local, interstate and international) taking themselves to the Mount Wellington pinnacle, mostly driving.

Instead of projecting future growth rates, three scenarios are presented in this report: an estimate for **year 1** — reflecting industry experience that demand is higher in that year due to a novelty factor, particularly amongst local residents — and a **low case** and a **high case** that are both based on estimates for a standard operating year.

With this approach, the study implicitly assumes that a steady state exists after two to three years and three key variables are constant — MWCC's patronage, the number of visitors to southern Tasmania and MWCC's capture of these visitors. This assumption is likely to be highly conservative.

Industry experience supports two areas where the MWCC would induce additional visitor spending — an extra night for some free and independent travellers and increased visitation from MTB enthusiasts. Other than these cases, it is assumed that MWCC does not, in itself, drive new demand.

In particular, no allowance is made for other pull factors that may eventuate, most likely based on positive visitor experiences and word of mouth. Given Hobart's accommodation is effectively full during peak seasons and around major festivals, the clearest opportunity for the MWCC to create a pull factor for free and independent travellers is in other seasons, particularly winter.

Given this conservative approach, multipliers are only applied to spending at MWCC facilities (ie fares, retail and F&B) reflecting the direct and indirect impacts of this spending, as well as a separate multiplier for spending on transport to Mount Wellington.

In its first year of operation — with a significant boost in riders relative to standard operating years, partly offset by parameter assumptions that are aligned with the low case scenario — the economic impact is estimated to be \$64.0 million.

In later years, it is estimated that the economic impact of the MWCC will be between \$79.4 million and \$99.8 million per annum under the low and high case scenarios respectively.

The difference between the two scenarios largely reflects estimates of the impact of MTB enthusiasts. In the low case, MTB enthusiasts are assumed to use the MWCC per annum, with a potential economic impact from this market of . In the high case, MTB enthusiasts visit per annum, delivering a potential impact of . As the economic gains from MTB enthusiasts reflect increased spending on accommodation and hospitality in the local economy, the benefits will spread quickly and broadly throughout the community.

These estimated economic impacts of the MWCC for the respective market segments under each scenario are summarised in Table A.

Table A: Economic impact of MWCC (\$m)

	Year 1		Normal operations
		Low	High
Local			
Free & independent			
Wholesale			
MTB enthusiast			
Other visitors			
Total	64.00	79.47	99.91

The Company is currently estimating core employment levels of FTEs. At this employment level, the Company would be liable for payroll tax if its total payroll exceeds \$1.25 million. Future decisions on the structure of retail and food and beverage offerings, and staff wages and salaries, will influence whether its liability is material. For instance, it is currently estimated that FTEs would be required to internally manage and operate the cable car and all of the retail and F&B operations, which would mean annual payroll tax payments of around based on an average wage of

1. ECONOMIC CONTEXT OF THE MOUNT WELLINGTON CABLE CAR

Social and economic context

Tasmania's economy has entered a period of sustained, but modest, growth over the past three years. State final demand grew by 1.8 per cent in calendar year 2015 relative to the previous year.

A positive feature of the recent economic trend has been the rebalancing between from the public sector to the private sector. Final demand (including consumption and capital spending) in the public sector fell by 2.7 per cent in real terms in 2015, whereas it rose by 3.3 per cent in the private sector.

Further, capital spending in Tasmania grew by 5.5 per cent in 2015. In contrast, weak business investment is a persistent concern at the national level for the Reserve Bank of Australia. Tasmania is the only jurisdiction in which forecasts of investment activity are actually being realised.

However, sustaining this capital spending growth will be a challenge, particularly if investor confidence declines due to external factors such as slowing global growth and a potentially higher AUD.

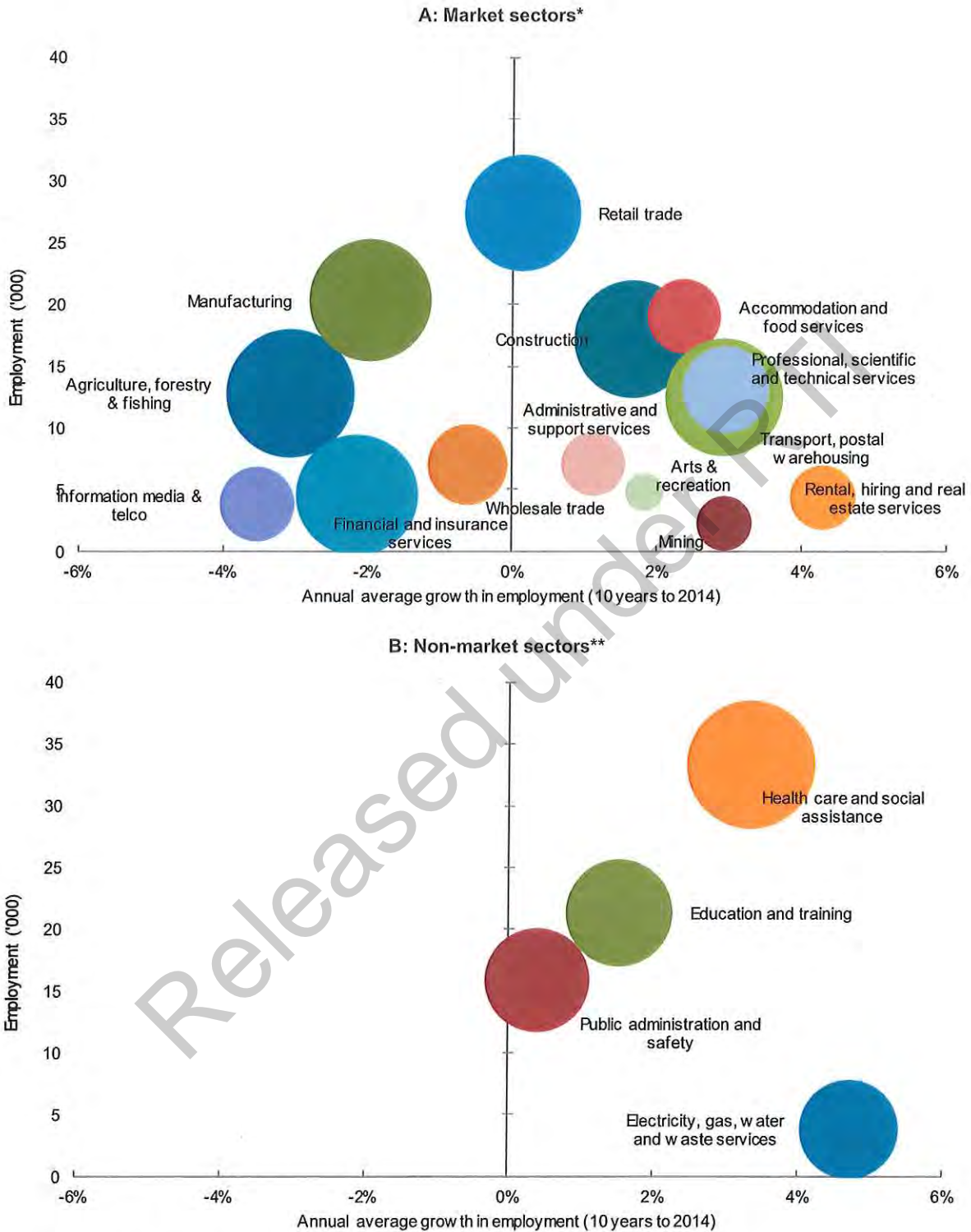
Another economic challenge is that the sustained growth rates, particularly in the private sector, are not consistently delivering new jobs across the State. Broadly, the North-West and West Coast have had the best performing labour market of Tasmania's regions, Greater Hobart has been flat (with some rebalancing from the public to the private sector), and Launceston and the North-East have been declining.

Underlying these regional trends is a complex web of industry growth and decline, which is shown in a longer-term perspective in Figure 1. Even within the broad sectors shown, there are significant changes, for instance falling employment in telecommunications more than offsets growth in information technology.

Figure 1 also demonstrates that the Tasmanian economy is very diverse, more so than is often recognised, as shown by the number of sectors with similar employment and industry contributions to the economy. A consequence is that there is not any single sector, or project, that can drive future growth.

Instead, it is important to continue to grow those sectors in which Tasmania is performing well — including tourism which mostly impacts directly through accommodation and food services — and ameliorate the decline of other sectors to the extent possible.

Figure 1: Industry structure of Tasmania's economy
 (Bubble size is industry value added contribution to 2013-14 Gross State Product)



* Industry sectors that primarily involve an exchange of goods or services in organised markets.
 ** Industry sectors that are primarily funded by the public sector or enable other economic activity
 Source: ABS Cat No. 6291 and 5220

Table 1 shows the labour force status of Hobart's residents in 2015.

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Table 1: Labour force status (2015 average)

	Greater Hobart		Tasmania	
	Persons	Per cent of population 15+	Persons	Per cent of population 15+
Employed full-time	67.8	37.8	154.9	36.7
Employed part-time	38.2	21.2	85.4	20.2
Unemployed	7.0	3.9	16.9	4.0
Total in labour force	113.0	62.9	257.2	60.9
Not in labour force	66.6	37.1	165.2	39.1

Source: ABS 6291.0.55.001 - Labour Force, Australia, Detailed - Electronic Delivery

Cafes, restaurants and takeaways comprise about 5 per cent of Hobart's workforce, and just over 4 per cent across the State. Education, health and government administration are all significant sectors in Hobart.

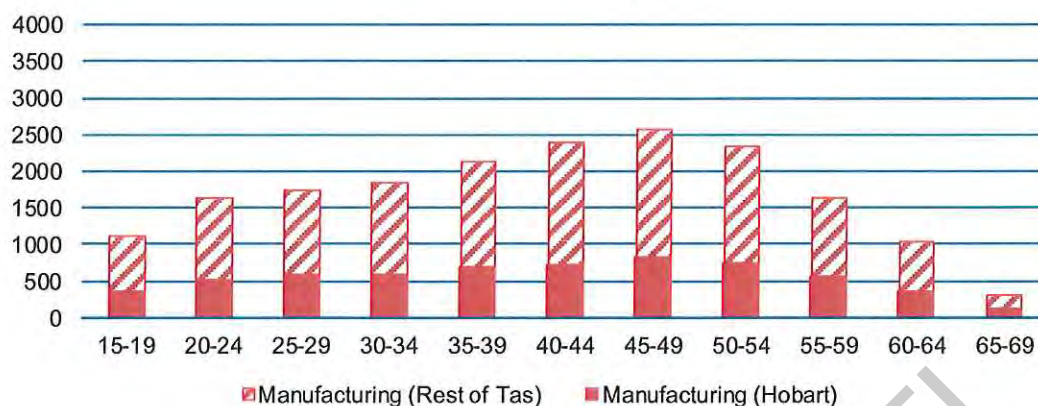
The growth in the Tasmanian tourism sector and many individual success stories are well known. The Tasmanian visitor survey data for the December quarter 2015 show that, over the past year:

- ▶ the number of visitors rose 8 per cent (including 11 per cent from all overseas countries and 14 per cent from China)
- ▶ nights spent in Tasmania rose 8 per cent
- ▶ visitor expenditure increased by 11 per cent to \$1.95 billion.

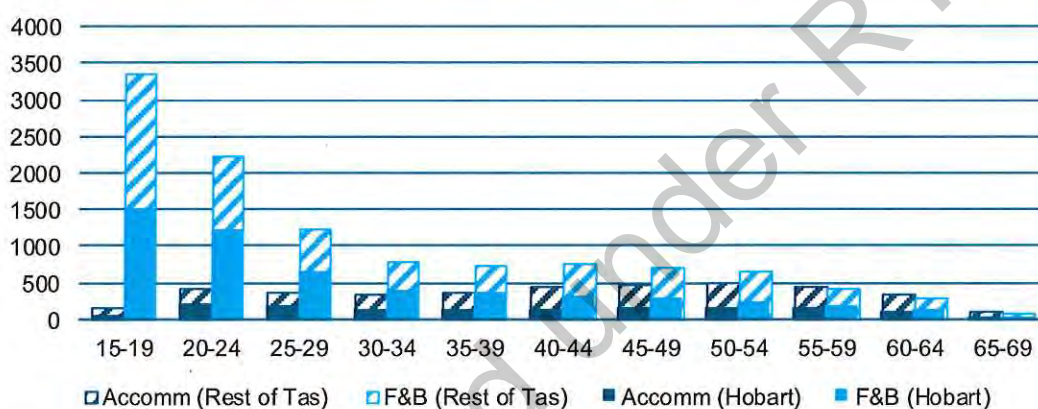
However, like any structural change, there is a generally a mismatch between the skills required and workforce demographics in the growing industries, such as tourism, relative to the declining industries. This is demonstrated in Figure 2, which shows that:

- ▶ the manufacturing workforce — which remains a significant sector but is declining — is heavily skewed towards older age groups and predominantly located outside Greater Hobart
- ▶ the hospitality workforce, particularly food and beverage services, is dominated by younger age groups and roughly evenly split between Hobart and the rest of the State.

Figure 2: Sectoral employment by age
A: Manufacturing



B: Hospitality



Source: ABS 2011 Census of Population and Housing

As a consequence, tourism-focused projects such as the MWCC — particularly if they are able to induce additional demand or longer stays — have the potential to grow employment through the direct and indirect effects. However, it is more likely that many of the jobs will be taken by newer entrants to the workforce — such as school leavers and recent graduates — than displaced workers in declining sectors. This has the potential to improve labour market outcomes at a local level around Hobart and amongst younger cohorts, but not necessarily the State's broader structural unemployment issues.

In the current economic environment, a key factor to sustaining business confidence and growth in the private sector is visible progress on key projects.

The MWCC will fit into the broader theme of the growth in tourism in Tasmania, and add to visitor experiences, as well as providing the visibility of a successful entrepreneurial project to other potential investors in Tasmania.

2. BACKGROUND TO ECONOMIC IMPACT STUDIES

Options

There are several approaches to estimating the economic impact of major projects or business activities. These are well-established, and focus on isolating the contributions of specific sectors to the overall economy. For a greenfields tourism project, the key techniques are input-output analysis and computable general equilibrium modelling.

Input-output analysis

Multiplier effects are widely used in economic analysis to demonstrate the effect of different policies or contributions to the economy, focusing on quantifying the impacts on a defined region or community within a known and generally robust framework. They show how \$1 of additional expenditure contributed to key economic outcomes, including GSP and employment, both directly and indirectly through links with other sectors.

These multipliers are based on input-output tables published by major statistical agencies, such as the Australian Bureau of Statistics, or derived through quantitative analysis from similar sources.

This analytical approach can be applied to:

- ▶ construction projects
- ▶ ongoing operations of discrete businesses
- ▶ whole industry sectors, or
- ▶ major events.

Multipliers reflect the direct, indirect and induced effects from increased spending associated with one of these triggers:

- ▶ **Direct effects** are changes in production that are connected with immediate effects of increasing expenditure. This includes the consumption of goods and services, which cover the cost of supplying those goods and services (including overheads such as salaries and taxes)
- ▶ **Indirect (secondary) effects** are those changes in production resulting from the direct consumption in connected parts of the supply chain ie increased sales of goods and services amongst all the suppliers that ultimately lead to the final products being sold.
- ▶ **Induced effects** describe those changes in economic activity that result from the spending of employee incomes throughout the community.

The total of these effects is known as the output, or production, impact. For more detailed analysis than presented in this report, this impact can be disaggregated to look at the allocation of the gains, including increases in profits (ie return on capital) and wages (ie return to labour).

A Productivity Commission Staff Research Note (Gretton, 2014) specifically reviewed the application of input-output analysis. It found that:

Input-output data and tables on which multipliers are based may be extremely useful in economic analysis. They can provide valuable information about the structure of economies that is not available from other frameworks. Used appropriately, input-output tables provide a powerful tool for reporting and analysing the industrial structure of an economy. They also form the foundations for constructing a range of economic models which, with due attention to their underpinning assumptions, can be used to more properly assess the impacts of policy changes...

The Victorian Auditor-General has also considered the application of input-output analysis. The report on *State Investment in Major Events* (Pearson, 2007) noted the regional dimension to the approach:

The size of the multiplier for a region is dependent upon the extent to which the expanding industry draws its inputs from the region rather than through imports, and the degree to which additional income from increased employment is spent on goods produced in the region.

Both the PC and the Victorian Auditor-General highlighted a number of limitations:

Abuse [of these techniques] primarily relates to overstating the economic importance of specific sectoral or regional activities. It is likely that if all such analyses were to be aggregated, they would sum to much more than the total for the Australian economy. Claims that jobs 'gained' directly from the cause being promoted will lead to cascading gains in the wider economy often fail to give any consideration to the restrictive nature of the assumptions required for input-output multiplier exercises to be valid. In particular, these applications fail to consider the opportunity cost of both spending measures and alternate uses of resources, and may misinform policy-makers. (Gretton, 2014)

The IO approach...:

- ▶ assumes that labour and equipment are, in effect, unemployed with no constraints on their availability which can lead to a tendency to overstate economic value
- ▶ assumes that a static relationship exists between inputs and outputs. In practice the economy is dynamic with significant changes occurring in such factors as productivity through changes in production technology, new product development and external competition
- ▶ is unable to incorporate price changes and their effects such as an increase in the costs of labour as a consequence of the increased demand.

The IO approach is further constrained by... the high level of discretion that can be applied when disaggregating national tables to a state and regional industry level where these local levels of data are not available. (Pearson, 2007)

It is also important to recognise that increases in economic activity will, to varying degrees, involve an increase in demand for imported goods and services, known as leakage. In the tourism sector, the key factor is the strength of local supply chains.

However, where it can be assumed that a project or event is sufficiently large to estimate a material economic impact, but not too large in a specific region to change the overall flow of resources or involve financial intervention by a government, many of these weaknesses are overcome with careful treatment and appropriate conservatism.

Tourism multipliers

Economic multipliers are often applied to tourism projects, major events and the entire sector. Examples focusing on tourism that are relevant for this study include:

- ▶ a national study for the Australian Government (Kookana, 2013) looked at sectoral contributions, focusing on the contribution of the tourism sector to the Australian economy. The report found that the tourism sector has an economic multiplier of 1.88, which is comparable to other services sectors that have reasonably high multipliers (eg professional services and ICT sectors at 1.953 and 1.839 respectively)
- ▶ a study for Tourism Tasmania and Destination Southern Tasmania, REMPLAN (Nichol, 2013) applied a multiplier of 1.90 for tourism in Southern Tasmania, compared to a Statewide multiplier of 2.10; and
- ▶ the Institute of Project Management estimated that the economic impact of attracting three AFL games to Hobart was \$26.8m, including direct spending totalling \$15.32m, which implies a multiplier of 1.75.

To summarise, these reports suggest that, for every new dollar earned directly in tourism, between 75c and 90c is also generated in other parts of the economy.

Gretton criticised Kookana's paper as an example of failing to consider scarce resources and opportunity costs, and also noted that "tourism as conventionally defined, includes people travelling for recreation as

well as people travelling for business, study, medical treatment and other non-leisure activities” and that there was a risk of double counting as tourism is not a defined industry in ABS data.

However, REMPLAN appears to have addressed most of these criticisms, by isolating the contribution of tourism in broader industry groupings, despite finding a similar multiplier effect to the other studies.

CGE modelling

Computable general equilibrium (CGE) modelling is an alternative approach that recognises the complex interactions occurring in the economy, for instance the process of producers of goods and services seeking to maximise profits while consumers seek higher quality or lower prices.

CGE modelling captures how “shocks” to the economy (such as a major investment) change relative prices and the pattern of economic activity until all markets reach a new equilibrium. The CGE approach specifically models business and household demand for goods and services, relative price changes and substitution effects (e.g. equipment for labour).

This is a dynamic approach — reflecting the relatively slow process of economic adjustment given imperfect information — and is based on the premise that all resources are constrained and full utilised in producing goods and services.

The Victorian Auditor-General also noted drawbacks in the practical application of CGE modelling, which include:

- ▶ Like IO modelling, it measures economic outcomes but does not capture all aspects of whether a project is worth proceeding with such as environmental and amenity effects.
- ▶ It is costly.
- ▶ It is only suitable for estimating the outcome of a substantial “shock”. The economic advice provided to the audit indicates that [government] expenditure of at least \$10 million is required before meaningful economic outcomes can be observed.
- ▶ The complexity associated with CGE model specifications and assumptions requires a high level of expertise to carry out the modelling exercise. Such expertise is limited in Australia.

Application to tourism

Deloitte Access Economics (2013) applied CGE modelling in a paper for the Tourism Industry Council Tasmania, finding that an economic shock resulting from a \$1m increase in tourist spending has a net impact of less than \$1m. Specifically, Deloitte estimated that the \$1m shock would lead to:

- ▶ an increase of \$900,000 in gross state product (GSP) initially, reducing to \$700,000 as the effects of additional economic activity diminish over time; and
- ▶ a gradually diminishing employment effect of 12.46 FTE (Full Time Equivalent employment positions) initially down to 8.11 FTE in 2020.

This less than 1:1 output relationship reflects an increase in demand for tourism displacing other economic activity, as the demand for resources in one sector often comes at the expense of these resources being used elsewhere in the economy.

This should not be misinterpreted — any positive shock that has a persistent effect is a positive for the Tasmanian community.

A key difference between input-output analysis and CGE modelling is that the latter assumes that a region’s resources are finite and fully utilised, in other words there is no spare productive capacity in the defined region. Given this, any economic shocks inevitably divert resources from other productive activities, which offsets the initial economic gains. This process occurs in the long-run, and as such, CGE modelling takes a long-run, whole of economy perspective.

3. SELECTING A METHODOLOGY TO ANALYSE THE ECONOMIC IMPACT OF THE MOUNT WELLINGTON CABLE CAR

The key question in selecting the appropriate methodology is defining what is being measured.

The objective of this study is to analyse the economic impact of the MWCC — primarily the output effect — on the regional economy of Southern Hobart, and Tasmania more broadly, over a discrete timeframe.

Typically, this effect is modelled using the input-output approach.

The earlier discussion highlighted a number of general criticisms made of the input-output approach. However, these are largely avoided in the case of MWCC:

- ▶ **opportunity costs** — the project's proponent, Mount Wellington Cableway Company, has consistently noted that it is not seeking any financial support from any level of government and is willing to negotiate lease terms for publicly-owned land at the pinnacle on commercial terms. Accordingly, there are no opportunity costs in public funding, unlike publicly-funded major events or programs;
- ▶ **scarcity of resources** — it is arguable that the current employment situation in southern Tasmania — with unemployment averaging 6.2 per cent over the year to January 2016, the labour market is not overly tight — and there is a pool of available labour to absorb the jobs (FTEs, including FTEs in operating and maintaining the cable car during its ongoing operations);
- ▶ **displacement** — industry feedback to the Company suggests that a very large proportion of riders on the cable car will be visitors to Hobart, either free and independent travellers or on wholesale packages (including cruises). MWCC represents an option for high-value incremental spending in Tasmania, in an environment where some industry participants believe that there are insufficient attractions in or around Hobart to cater for the increasing number of visitors, particularly outside peak seasons and major festivals. As a result, visitors' discretionary spending in Tasmania may displace other options in their home markets, but is unlikely to be materially displacing spending within Tasmania.

In the case of local users, this displacement effect is more noticeable, and accounted for with a much lower multiplier;

- ▶ **leakage** — at a high level, the supply chain for MWCC patrons is generally robust. For instance, visitors will be staying in local hotels and other forms of accommodation, eating in local restaurants and utilising local transport services (eg taxis and buses). Further, Strategy 42 South anticipates that the MWCC's retail and food and beverage offerings will be focused on higher value Tasmanian produce, which reduces the potential leakage relative to lower-value imported tourist goods and kiosk-style food and beverages. Nevertheless, as there will be some leakage from visitors' spending on retail (eg goods manufactured interstate or overseas) and F&B (eg national brand soft drinks or wine), it is conservatively assumed that average transactions are relatively small.

Some residents in South Hobart and Fern Tree — which are the suburbs that may be impacted by the MWCC — and other stakeholders have suggested that there will be a loss of amenity caused by the MWCC.

However, information on the [MWCC website](#) shows that cable car's preferred route from Cascade Brewery to the Pinnacle via Golden Gully Park will not pass any residences. Further, the forecasts of MWCC patronage and total pinnacle visitation suggest that there will be net reductions in vehicular traffic on Huon Road and Pillinger Drive and in the occasional congestion that currently occurs in winter. Nevertheless, if any genuine and material impacts are identified during the forthcoming planning phase for the project, it is anticipated that mitigating actions would be undertaken. Accordingly, no attempt has been made to quantify the perceived loss of amenity in this study.

Also, this study is not intended to analyse the long-term economic impact, taking into account the transactions and complex changes in consumer spending and incomes that would result from the MWCC. This would require CGE modelling, which is complicated and specialised as noted in section 2, and may suffer from greater degrees of uncertainty given the rapid growth in the Tasmanian tourism sector that

change employment profiles and producer pricing behaviour. As a result, CGE analysis is not warranted at this stage.

Tourism also has significant social and cultural benefits because of its potential to promote understanding and international relationships. This is supported by anecdotal evidence on local operators' experience and trade and investment flows. However, while important for Tasmania as it seeks to expand its economic exposure to the growing Asian economies, analysing and quantifying these benefits are not the primary purpose of this study.

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4. ECONOMIC IMPACT DURING THE CONSTRUCTION PHASE

The Company and its suppliers estimate that there will be up to 200 jobs on the ground during the construction period. These are:

- ▶ around jobs involved in building the terminals and ground facilities, which will be largely local jobs, and
- ▶ around jobs in constructing the cableway, which will be mostly high specialised interstate and European staff.

Nationally, the construction industry is estimated to have an output multiplier of 2.335x, which reflects the high degree of labour intensity in major building projects and the deep industry supply chains. However, as the input-output approach narrows down the regional focus — for instance this study is focused on MWCC's impact on the Tasmanian economy — the share of goods and services that are defined as imports from outside the specified region (ie leakage) increases.

In addition to this general principle, the MWCC website notes that major suppliers to the project include Doppelmayr/Garaventa, as the cableway engineering suppliers, and Gangloff Cabins, for the gondola cabins. These companies, including their manufacturing operations, are both based in Europe.

Further, even though a local company, Vos Construction, is the Company's partner for the ground facilities and terminals, a significant proportion of its physical inputs — such as concrete, structural steel and internal fittings — will be sourced from interstate or overseas.

Given these factors, it is clear that a large share of the capital goods for the project will be brought into Tasmania. This is a clear example of leakage effects identified in section 2 that must be accounted for when selecting an appropriate multiplier.

Accordingly, without access to detailed itemised capital expenditure estimates, no attempt has been made to specify a precise multiplier to apply to the \$54 million capital cost of the project during the construction phase. Nevertheless, as a general statement, an appropriate multiplier in this case would be well below the national construction industry multiplier, and may be closer to 1.0. In other words, the economic impact of the project may be between \$50 million and around \$75 million.

Given this, it is more important to focus on the economic impact of MWCC's ongoing operations, which is discussed in section 5.

5. ECONOMIC IMPACT OF MWCC OPERATIONS

To analyse MWCC's economic impact, this study separates the respective spending and multiplier effects for the following key markets:

- ▶ local patrons riding to the pinnacle on the cable car
- ▶ free and independent travellers
- ▶ patrons who purchase tickets sold by MWCC through wholesale package channels
- ▶ mountain bike (MTB) enthusiasts
- ▶ other visitors (local, interstate and international) taking themselves to the Mount Wellington pinnacle, mostly driving.

Multiplier effects are based on the various reports on input-output modelling for the tourism sector that were discussed earlier. The selected multipliers are generally towards the low end of the possible ranges in these reports, for instance, REMPLAN's Statewide tourism multiplier of 2.10x has not been used.

Modelling growth profiles

In the first year of operation, passenger demand is expected to be higher than later years, due to a novelty factor that has been evident in other major attractions, including cable cars.

This novelty factor is supported by the experience of the Skyrail in Cairns, where there was a surge in local patronage in the first year, particularly, local patrons who were accompanying visiting friends and relatives.

After the first year:

For this study, it is implicitly assumed that a steady state exists after the novelty factor in the first year wanes, and three key variables are constant after two or three years — MWCC's patronage, the number of visitors to southern Tasmania and MWCC's capture of these visitors.

Given this steady-state assumption, three scenarios are presented in this report: a **high case** and **low case** based on estimates for a standard operating year, and an estimate for **year 1** reflecting the novelty factor.

This does not mean that the economic impact will necessarily be stagnant after year 1. The "standard operating year" is not forecast as a precise year in this study, and therefore the transition from the year 1 scenario to the steady state assumptions is imprecise and may take 2 to three years.

There will also be inevitable fluctuations in total passengers, the mix of patrons and their spending patterns reflecting the broader tourism market and refinement of the MWCC business model.

This effect is shown by the experience of Skyline Enterprises, which operates the extensive tourist attractions that incorporate cableways and MTB trails in Queenstown and Rotorua, which noted in its 2015 Annual report that the "diversification of product mix has resulted in our guests staying longer, spending more on food and beverage and hasn't impacted negatively on our established products" (Skyline Enterprises Ltd, 2015). This emphasises that the initial and ongoing investment in complementary activities and high-class retail and F&B outlets are both likely to have a significant impact on visitor spending at MWCC, and through it, the broader economy.

For such a steady state to occur in practice, market factors might include sustained supply-side airline or accommodation capacity constraints, or a stagnation of marketing effectiveness on the demand-side.

These factors are unlikely to be present in the Tasmanian market, and as a result, the steady-state assumption is likely to be highly conservative. Broad factors that suggest there is potential for ongoing growth in MWCC's patronage include:

- ▶ the current growth rates in visitation to Tasmania
- ▶ near-term capacity increases in access to Hobart and local accommodation and a lack of longer-term barriers to further capacity increases, and
- ▶ the lagging impact of demand drivers such as marketing campaigns and word of mouth.

Further, as explained later in this report, MTB enthusiasts make a considerable contribution to MWCC's overall economic impact. For modelling purposes, different levels of patronage have been applied for this market in the low and high case scenarios. Consistent with the transition between scenarios, it is likely that it may take two or three years to achieve the forecast patronage levels, and possibly several years to stabilise within (or outside) this range after a period of potentially very rapid growth.

Key parameters

Strategy 42 South has had access to commercial-in-confidence data provided by the Company and its advisers for this study. Selected parameters that contribute to the scenario analysis in this study are shown in Table 2, which are mostly sourced from the Company and its advisers. These are discussed in more depth later in this section.

Table 2: Selected parameters

Parameter	Estimate	Source
Patronage mix		<ul style="list-style-type: none"> ▶ Company (inc advisers) ▶ Company and Strategy 42 South
	10 per cent stay an extra night due to MWCC	
Mountain bike enthusiasts		<ul style="list-style-type: none"> ▶ Company ▶ Dirt Art ▶ Company and Dirt Art ▶ Strategy 42 South
Mount Wellington visitors		<ul style="list-style-type: none"> ▶ Company
Staff		<ul style="list-style-type: none"> ▶ Company (inc advisers)
F&B capture rates		<ul style="list-style-type: none"> ▶ Company (inc advisers) ▶ Strategy 42 South
Retail capture rates		<ul style="list-style-type: none"> ▶ Company (inc advisers) ▶ Strategy 42 South
Average expenditure(b)		<ul style="list-style-type: none"> ▶ Company ▶ Company and Strategy 42 South ▶ Company and Strategy 42 South ▶ Accommodation etc: \$246/night ▶ Tasmanian Visitor Survey, December quarter 2015

(a) Transport to MWCC

(b) Only applicable to those who purchase transport, retail and/or F&B products

Analysis of key markets

The key markets and how they affect the selection of these parameters are discussed below.

Local patrons

As shown in Table 2, local patronage is forecast to be a relatively small proportion of total riders, notwithstanding the Company's current expectation

. It is also assumed that:

- ▶ the multiplier for local patrons is 1.0, which fully accounts for potential displacement effects as any indirect gains are offset by a loss of spending on other activities, and
- ▶ both the retail capture rate and average retail spending are significantly below other visitors.

Free and independent travellers

While there may be some overlap between the demographic characteristics of free and independent travellers and wholesale channel customers, they have different implications for marketing and pricing. For this study, they are treated as discrete markets, particularly as wholesale channels involve significant leakage.

It is assumed that these two groups of visitors are _____ of MWCC's market.

Free and independent travellers will generally pay the full fare, and as a result, they would represent the largest market segment when measured by turnover.

The steady-state assumption is challenged by the current and projected growth in visitors to Tasmania, as highlighted earlier.

In the near future, accommodation supply constraints in Hobart will be alleviated with around 1500 new hotel rooms under construction, although further capacity investment will be required in coming years.

The Government's target of 1.5 million visitors per annum by 2020 implies annual growth rates of 5.5 per cent. If current growth rates of around 8 per cent per annum are sustained, this target will be comfortably exceeded by the time MWCC commences operations.

Further, there is likely to be conservatism in projections of airline passenger movements growth (4.5 per cent per annum to 2020, then slowing slightly to around 3 ½ per cent per annum) included in the respective master plans for Hobart and Launceston Airports. (HIAPL, 2015 and APAL, 2015). Even at these growth rates:

- ▶ around 10 per cent growth is expected every two years for the next five years, or 24.5 per cent over the full five years, and
- ▶ around 10 per cent growth is expected every three years from 2020-21, or 19.6 per cent over the five years to 2024-25.

It is notable that Qantas will shortly commence its new flights to meet some of this emerging demand.

If the steady state assumption was removed, it is likely that MWCC's patronage and its economic impact would grow year-on-year, at least in line with the overall market.

Industry experience suggests that additional visitor attractions encourage a proportion of visitors to stay an extra night. Based on this, it is assumed that:

- ▶ the MWCC would initially induce 5 per cent of MWCC interstate and international patrons to stay an extra night, rising to 10 per cent of this market in the steady state scenarios, and
- ▶ expenditure for this extra night is \$246 per person, consistent with the current TVS average. (Tourism Tasmania, 2013)

Wholesale channels

Cruises are the fastest growing tourism market segment — nationally, in 2014-15, the number of cruise visits rose by 13.4 per cent and passenger days at port rose by 23.3 per cent (Australia Cruise Association, 2015). This growth compares to 2.5 per cent for all retail travel and 4 per cent for business travel.

In this segment, there has also been a substantial change in the passenger mix, with an increasing proportion of interstate visitors occurring in conjunction with the rapid growth in overall visitor numbers.

In the most recent data (from 2012-13) available on cruise passengers arriving in Tasmania:

- ▶ 46 per cent of passengers were from interstate
- ▶ 44 per cent of passengers undertook a guided tour, the majority of which were sold on-board, and
- ▶ 91 per cent of these indicated their interest in returning to Tasmania for a holiday. (Tourism Tasmania, 2013)

The Australian Cruise Association has advised that liners utilise extensive passenger feedback to set future schedules, and Hobart is currently viewed very favourably by passengers. Reflecting this feedback, and overall market growth, the number of ships booked to visit Tasmanian ports rising from 59 in the current 2015-16 season to 92 in the 2016-17 season.

Further, newer and larger ships are being used in the Australian market each season — partly as its seasons are opposite to China, where growth is also very rapid and passengers demand the most modern ships — which means more passengers are arriving in Tasmania on average per ship. This increases the size of MWCC's potential market that is available via wholesale channels.

The MWCC will also be highly relevant to the cruise market in Tasmania, as increasing economies of scale are necessary to satisfy demand from large numbers of passengers, which raises the importance of large scale attractions. It is also important that destinations continue to invest in the local product — MWCC would be a prime example of this product in Hobart — particularly given ongoing competition between major ports that can be accessed by cruise ships.

Apart from the size of the market, the primary issue in assessing the economic contribution of patrons who purchase tickets sold through wholesale channels — including cruise ships, travel agents and local hotels — is the extent of leakage as the revenue is within a pre-purchased transaction environment and there are fewer opportunities for local operators and providers to benefit from the spending. Accordingly, a lower multiplier has been assumed for these customers, which is taken to be the mid-point of local and free and independent patrons for simplicity.

Average cruise passenger spending is \$116 per day in port in Hobart. As shown in Table 3, this is well below other Australian ports and indicates that there is likely to be significant latent demand for spending by cruise passengers in Tasmania.

Table 3: Average spending by cruise passengers in selected Australian ports

Port	\$ per passenger day in port
Sydney	\$431
Melbourne	\$275
Hobart	\$116
Adelaide	\$241
Darwin	\$284
Cairns	\$210

Source: Australian Cruise Association

Accordingly, there is potential for average spending in this market to increase without displacing other spending in Hobart and surrounds, which suggests that the choice of multiples for the broader wholesale channel market is conservative.

Mountain bikes enthusiasts

The MTB market is generally divided into two categories:

- ▶ **complementary:** tourists looking for beginner-friendly trail experiences that satisfy a desire for adventure activities to enjoy as part of their time in the area, and
- ▶ **enthusiasts:** riders who travel to a destination specifically for mountain biking, and generally require more challenging and scenic trails.

While the complementary market and local enthusiasts are included in the patronage estimates, there is substantial latent demand for travelling MTB enthusiasts. In particular, overseas experience suggests that the market is quickly unlocked by a combination of cost-effective access and challenging but largely downhill trails.

This latent demand is the major pull factor included in this study, with an assumption that relatively minor investment in new trails is undertaken by the Company or the public and private landholders of Mount Wellington.¹

Importantly, any environmental degradation would need to be offset against the economic gains, while noting that many enthusiasts will have access to their own transport to the Pinnacle and as such any degradation would not be solely attributable to MWCC. However, these are expected to be minimal in the context of MWCC, as shown by an international study cited in Meltzer (2014) which found that

Trail design and management become the largest factors in environmental impacts. Trails that are well designed, have adequate drainage, make appropriate use of the terrain, and are properly compacted to begin with, result in the least overall impact to the environment... Of the empirical research, mountain bikers have less than, or equal environmental impacts, compared with hikers

The Company's MTB adviser, Dirt Art, has forecast total patronage of _____ MTB riders per annum using the MWCC, of which 70 per cent are enthusiasts. Based on this, it is assumed that _____ MTB enthusiasts

¹ The Company has consistently stated that it is not seeking any public funding or financial support for the project. Future funding for new MTB trails from the Pinnacle and connections to existing trails and the Glenorchy Mountain Bike Park is yet to be considered. Landholders including Carlton & United Breweries (owner of Cascade Brewery), Hobart City Council or the Glenorchy City Council may commit to funding contributions in due course. Given the significant potential economic return from any public investment, this would not violate the opportunity cost principle discussed in section 2.

access a new trail park via MWCC in Year 1, growing by year 3 to [redacted] in the low case and [redacted] in the high case.²

Around 10 per cent of this enthusiast market may be local residents.

It is appropriate to include spending on other goods and services while in Tasmania for a proportion of the MTB enthusiast market that is assumed to visit the State solely or primarily to use the new facilities, as this represents new spending in Tasmania that is stimulated by the MWCC that otherwise would not occur. In this context, it is assumed that:

- ▶ the pull factor is 50 per cent of the MTB enthusiasts that visit Southern Tasmania and ride on the MWCC, which is based on Strategy 42 South's judgement and a discussion with Dirt Art, and
- ▶ their spending on accommodation, food and other activities, and their length of stay, are similar to the average of all visitors (\$246 for three nights), although some domestic and overseas studies suggest that MTB enthusiasts stay longer and spend more on average than other visitors.

Other patrons

Development of the MWCC is expected to have a significant impact of the number of visitors to the Mount Wellington Pinnacle. On current trends, [redacted] people will visit the Pinnacle, compared to [redacted] if it is developed.

Further, the proportion of non-local (ie intrastate, interstate and international) visitors to the Pinnacle is [redacted]³

However, as this non-local market will be largely met by MWCC, it is assumed that a majority of the self-driving Pinnacle visitors will be local residents, and the balance will be in Tasmania to visit family and relatives (although there may be some international self-driving visitors, these are not expected to be material). Further, these visitors will need to make an active decision to visit the MWCC pinnacle station.

Accordingly, the capture rates for this market are based on those for local MWCC patrons — [redacted] make a retail purchase and [redacted] make a F&B purchase.

The Company has also advised that there are other opportunities, such as potential snow play facilities targeted at families, which are not reflected in its modelling or this study.

As local self-driving visitors have a high degree of displacement, the applicable multipliers are assumed to be a weighted average of the respective multipliers for local and free and independent MWCC patrons.

Induced economic impacts

As noted, industry experience supports two cases where the MWCC would induce additional visitor spending — an extra night for some free and independent travellers and increased visitation from MTB enthusiasts.

Other than these cases, it is assumed that MWCC does not, in itself, drive new demand.

For instance, the MWCC will not directly affect the future schedule of cruise ships visiting Hobart, but does improve the local product available to passengers. There may also be a small proportion of free and

² This forecast reflects Dirt Art's judgement on MWCC's ability to satisfy the rapidly growing global market, which is evidenced by other downhill experiences such as Whistler (150,000 to 200,000 per annum in its 4 month season), Rotorua (250,000 per annum, of which 5 per cent are local) and Christchurch (expected to be 125,000 per annum).

³ These visitation data were provided by the Company, and incorporate Hobart City Council traffic data collected between 2009 and 2013, the Company's own traffic and visitation surveys and the Tasmanian Visitor Survey.

independent travellers and/or other wholesale channel customers (eg. international tourists that book through agents) in order to use the MWCC, although this effect is not expected to be material.

Accordingly multipliers are only applied to:

- ▶ spending at MWCC facilities (ie fares, retail and F&B) reflecting the direct and indirect impacts of this spending,
- ▶ spending on transport to Mount Wellington
- ▶ the small proportion of free and independent travellers who are expected to stay an extra night in Hobart, and
- ▶ a large proportion of MTB enthusiasts who will stay in Hobart due to the MWCC and associated downhill trails

Notwithstanding these modelling assumptions, other pull factors may eventuate, most likely based on positive visitor experiences and word of mouth. Given Hobart's accommodation is effectively full during peak seasons and around major festivals, the clearest opportunity for the MWCC to create a pull factor for free and independent travellers is in other seasons, particularly winter. Detailed market research would be required to investigate the extent of this potential pull factor.

Summary of multipliers

The economic multipliers applied to each market segment, and each scenario, are shown in Table 4.

Table 4: Economic multipliers by market segment and scenario

	Year 1	Normal operations	
		Low case	High case
Local			
MWCC (fare, retail, F&B)	1.00	1.00	1.00
Transport	1.00	1.00	1.00
Accommodation etc	na	na	na
Free and independent			
MWCC (fare, retail, F&B)	1.75	1.75	1.90
Transport	1.75	1.75	1.75
Accommodation etc	na	na	na
Wholesale			
MWCC (fare, retail, F&B)	1.38	1.38	1.45
Transport	1.75	1.75	1.75
Accommodation etc	na	na	na
MTB enthusiast			
MWCC (fare, retail, F&B)	1.75	1.75	1.90
Transport	1.75	1.75	1.90
Accommodation etc	1.75	1.75	1.90
Other visitors			
MWCC (fare, retail, F&B)	1.44	1.44	1.53
Transport	na	na	na
Accommodation etc	na	na	na

Conclusions

Economic impact of MWCC operations

The Company has advised that its current estimate is that staff, or FTEs, would be required to operate the cable car, retail and F&B outlets in-house.

In its first year of operation — with a significant boost in riders relative to standard operating years, partly offset by parameter assumptions that are aligned with the low case scenario — the economic impact is estimated to be \$64.0 million.

For modelling purposes, the novelty factor is spread across all markets. If the novelty factor was assumed to be solely derived from the local market and patronage from the free and independent travellers and wholesale channels settled immediately at the steady state levels, MWCC's economic impact would be \$4.9m lower due to lower average fares and retail spending. However, these two assumptions are exaggerated and are countered by conservatism in other areas of both MWCC's assumptions and this study.

In later years, it is estimated that the economic impact of the MWCC will be between \$79.5 million and \$99.9 million per annum under the low and high case scenarios respectively.

These estimated economic impacts of the MWCC for the respective market segments under each scenario are summarised in Table 5.

Table 5: Economic impact of MWCC (\$m)

	Year 1		Normal operations
		Low	High
Local			
Free and independent			
Wholesale			
MTB enthusiast			
Other visitors			
Total	64.00	79.47	99.91

76 per cent of the difference between the low case and high case scenarios is related to the impact of MTB enthusiasts. As the development of the business case for investment in MTB trails is at an earlier stage than the MWCC itself, and less market testing has been undertaken, there is a wide range of potential visitation forecasts:

- ▶ **low case:** MTB enthusiasts using the MWCC per annum have a potential economic impact of million
- ▶ **high case:** MTB enthusiasts using the MWCC per annum have a larger potential impact of million.

As the economic gains from MTB enthusiasts reflect increased spending on accommodation and hospitality in the local economy, the benefits will spread quickly and broadly throughout the community.

Kookana (op cit) found that just over half of the indirect gains from tourism are concentrated in manufacturing, professional services and the finance and insurance sector (in order of significance). This partly reflects the sector's supply chain, particularly food and beverage manufacturing. Intuitively, a similar effect would be anticipated for MWCC, although there is a small risk of leakage as the finance and insurance sector is smaller in Tasmania than nationally. Further detailed analysis would be required to verify the allocation of the indirect gains.

Potential variations in these estimates

This study has identified a number of areas where the selection of key parameters and multipliers may be conservative. This results in upside risks. On the other hand, there are downside risks that have been identified. These are summarised in Table 6.

Table 6: Upside and downside risks to estimated economic impacts

Parameter	Page	Summary of risk
Downside		
Novelty factor — first year effect is spread across all markets	19	Economic impact would be lower if the novelty factor was only evident in the local market
Leakage — finance and insurance sector is smaller in Tasmania than nationally and services are largely provided from interstate	19	Minor leakage would occur if interstate firms gain from the positive impact of MWCC operations on the finance and insurance sector. This would result in a slight reduction in the multipliers and economic impact.
Patronage — MTB enthusiasts markets may take a number of years to settle	19	The MTB market is growing rapidly but is less mature than other tourist markets. It may take longer than three years to reach the assumed patronage levels, and longer to settle into a predictable pattern. These factors also represent an upside risk.
Upside		
Transactions — assumed average transactions are relatively small	9	Due to the risk of leakage, assumed retail and F&B spending are below industry averages, particularly in the free and independent visitor and wholesale markets segments. Low capture rates are also used for local residents, particularly the retail offering. Higher average spending, and improved capture rates, would increase the economic impact.
Growth profile — assumed patronage settles at a steady state	12, 14	Assumes key variables are constant, including patronage, the number of visitors to southern Tasmania and MWCC's capture of these visitors. In practice, total patronage, the mix of patrons and spending patterns will fluctuate and as the business model is refined, should be expected to grow. Also, the Tasmanian tourism market will continue to grow, albeit at potentially slower growth rates. Like other cable car attractions, MWCC should maintain or grow its share of the growing market. These factors suggest MWCC's economic impact will at least grow at a rate consistent with the Tasmanian market, and probably higher. MTB patronage may take two to three years to reach the range set out in the low and high scenarios, and longer to reach steady state levels.
Wholesale channels — MWCC may increase average spending	15	Average cruise passenger spending is \$115 per day in port. This is relatively low, indicating the potential latent demand for cruise passengers to increase spending on local goods and services. This suggests that the choice of multiples for this market is conservative.
Induced economic impacts — pull factors are narrowly applied	18	Pull factors have been incorporated in the economic analysis in specific cases, including a small proportion of free and independent travellers staying an extra night and MTB enthusiasts visiting Hobart solely due to the MWCC. Other pull factors that may emerge over time would have a material impact on the economic impacts.

On balance, the upside risks arising from the conservative biases used in this study strongly outweigh the downside risks.

State Government revenue impact of MWCC operations

As noted in section 3, the Company estimates that it will require FTEs for the core cable car operations. At this employment level, the Company would be liable for payroll tax if its total payroll exceeds \$1.25 million (ie. average wages would need to exceed per FTE).

As the threshold is set in nominal terms, wages growth between now and the start of operations in 2020 would have a marginal impact on its payroll tax liability. However, any liability is unlikely to be material as the rate of tax is 6.1 per cent of the amount above the threshold.

The Company would have a more material liability if the retail and F&B operations are managed internally, reflecting the additional FTEs that would be required.⁴ At an average wage of — which is broadly consistent with average full-time wages in the retail and food and accommodation sectors nationally — for all of the FTEs, the Company would pay around per annum in payroll taxes.

Other tax liabilities impacting on State revenue include:

- ▶ Tasmania currently receives 3.9 per cent of the national GST pool, based on a relativity of 1.82x per capita. MWCC estimates that its GST payments would be just under per annum in a standard operating year, which suggests that around would flow to the State per annum. This share may decline marginally with Tasmania's falling share of the pool, and
- ▶ an immaterial amount of stamp duties.

As the Company will be leasing land from Carlton and United Breweries and Hobart City Council, it will not be liable for land tax.

⁴ This discussion highlights the impact of the Company's future structural decisions. It is not suggesting that the Company will structure its operations to avoid payroll taxes, which would be a very minor consideration in such decisions. Also, it is important to note that the grouping provisions in Tasmania are very robust, and as a result, some corporate structures that involve external equity in related businesses are insufficient to avoid payroll tax liabilities.



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Terry, Sean (DPaC)

From: Christian Rainey | MWCC <christian@mtwellingtoncablecar.com>
Sent: Friday, 24 February 2017 11:55 AM
To: Saddler, Adam (DPaC)
Cc: Terry, Sean (DPaC)
Subject: FW: MWCC Economic Impact Report
Attachments: MWCC-1601 final report v4.3_endorsed.pdf; MWCC company fact sheet.pdf

Follow Up Flag: Follow up
Flag Status: Completed

Hello again Adam,

As promised for Brad Nowland, attached is a soft copy of our *Economic Impact Report* by Strategy 42 South & Saul Eslake - a comprehensive report on the broader economic impact of the current Mount Wellington Cable Car proposal and its implications on the sustainability of the tourism industry in Southern Tasmania.

This Economic Impact Report verifies;

- The economic impact of MWCC to be between \$79.4 million and \$99.8 million per annum (range dependant on the potential growth in the mountain biking market).
- The project will drive further demand for overnight and extended stays during Tasmania's traditionally slower winter months.
- The project will also position Hobart's Mount Wellington as a major all year round international mountain bike destination.

In addition, Jill Abel, from Cruise Australia, will confirm the need to refresh Hobart's destination appeal to the cruise ship market for future bookings.

Also attached is a one page fact sheet on the project.

Regards,

Christian

Christian Rainey

COMPANY SECRETARY

MOUNT WELLINGTON CABLEWAY COMPANY PTY LIMITED.

71 607 312 532 (abn)
Level 1, 160 Collins St Hobart TAS 7000
GPO Box 409, Hobart TAS 7001 Australia
+614 (0)407 852 645
1300 800 854
christian@mtwellingtoncablecar.com
www.mtwellingtoncablecar.com



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FACT SHEET

Legal Entity	Mount Wellington Cableway Company Pty Limited
Date of Incorporation	28 th July 2015
ABN:	71 607 312 532
Financial Structure:	Private equity
Majority of Shareholders Citizenship:	Australian
Board of Directors	Ian Wheeler, Partner, WLF Jude Franks, Tourism Consultant, Director PAHSMA, RACT Adrian Bold, Director Riser and Gain
Project Team & Advisors	Adrian Bold, CEO Ian Wheeler, CFO Jude Franks, CMO Mike Mahoney, (Skyrail) Project Manager Christian Rainey, Community Liaison Officer Robert Clifford (Incat), Advisor Anthea Hammon (Scenicworld), Engineering Advisor David Hammon (Scenicworld), Financial Ops Advisor Adrian Bott, (VOS Constructions) Corporate Advisor Simon French (Dirt Art) Mountain Bike Trail Advisor Jack English (ex AIRC, retired) Strategy Advisor Richard Bold (retired) Strategy Advisor Bob Bradshaw (ex VOS, retired), Construction Advisor

PROJECT PARTICULARS	
Formal Launch:	16 th April 2014
Target Opening Date:	16 th April 2020
Capital Expenditure:	\$A 54 Million
Construction Timeframe:	18 months
Construction jobs created:	200 (approx.)
Operational jobs created:	50 Full Time Equivalent / 80 job placements (approx.)
Sustainable Transport Systems:	1x 1020m long Mono-Detachable Gondola (MDG) 1x 3570m long Aerial Tramway (AT)
Pinnacle:	Replacement Observation Shelter, Interpretation Gallery, Compliant alpine boardwalks, Rooftop lookouts, Ablution & recreational facilities, commercial kitchen, all-day café, fine dining restaurant, wine & whisky bar, terminal.
Mid-Station:	Parkland venue, Tree-top rope course, Zip-Line, Mountain Bike Trailheads, Gift-Shop, Systems motor housing, Back- of-house maintenance, terminal interchange.
Cascade Brewery:	Ticket office, pedestrian plaza, drop-off zone, terminal

Terry, Sean (DPaC)

From: Christian Rainey | MWCC <christian@mtwellingtoncablecar.com>
Sent: Tuesday, 28 February 2017 7:50 AM
To: Terry, Sean (DPaC)
Cc: Adrian Bold
Subject: MWCC & CUB

Hi Sean,

As discussed, please provide me an introduction to the appropriate new management at CUB so we can initiate discussions again, hopefully in conjunction with Justin's upcoming trip to Hobart.

Regards,

Christian

Christian Rainey

COMPANY SECRETARY

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Wilkes, Robyn (DPaC)

From: Christian Rainey | MWCC <christian@mtwellingtoncablecar.com>
Sent: Thursday, 12 November 2015 1:08 PM
To: Groom Invitations (DPaC)
Subject: Re: MWCC briefing request

Hi Lauren,

Thank you for your confirmation of receipt of our request.

Regards,

Christian

From: "Groom Invitations (DPaC)" <Groom.Invitations@dpac.tas.gov.au>
Date: Thursday, 12 November 2015 12:51 pm
To: Christian Rainey <christian@mtwellingtoncablecar.com>
Subject: RE: MWCC briefing request

Dear Mr Rainey

Thank you for the request to meet with Minister Groom.

Your email will be provided to the Minister for his consideration and response in due course.

Kind regards
Lauren

Lauren Hancox

Administration Assistant | Reception
Office of the Hon Matthew Groom MP

Minister for State Growth
Minister for Energy
Minister for Environment, Parks and Heritage

Level 10, 15 Murray Street HOBART TAS 7000
Phone: (03) 6165 7739
E-mail: Lauren.Hancox@dpac.tas.gov.au

Department of Premier & Cabinet
www.premier.tas.gov.au



From: Christian Rainey | MWCC [<mailto:christian@mtwellingtoncablecar.com>]
Sent: Wednesday, 11 November 2015 3:33 PM
To: Groom, Matthew (DPaC)
Cc: Adrian Bold
Subject: HPRM: MWCC briefing request

On behalf the board of the Mount Wellington Cableway Company Pty Limited, with the pinnacle zone boundary amendment now ratified, I seek to request a joint opportunity to present the proposal for a holistic tourism venture on kunanyi/Mount Wellington to the Premier and Cabinet.

The purpose of this meeting is to brief the Premier and relevant Ministers of the project status and particulars, as we are with the balance of Parliament.

Please advise if this is possible next week while all MPs are together for the final sitting week of the year.

Please note a meeting request has also been sent to:

Will Hodgman MP via premier.invitations@dpac.tas.gov.au

Peter Gutwein MP via peter.gutwein@parliament.tas.gov.au

Adam Brooks MP via adam.brooks@parliament.tas.gov.au

Regards,

Christian

Christian Rainey

BOARD SECRETARIAT

MOUNT WELLINGTON CABLEWAY COMPANY PTY LIMITED.

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Wilkes, Robyn (DPaC)

From: Wilkes, Robyn (DPaC)
Sent: Wednesday, 27 January 2016 10:36 AM
To: Christian Rainey | MWCC
Subject: RE: MWCC briefing - follow up request

Thank you Christian.

Robyn Wilkes

Executive Officer | Office Manager
Office of the Hon Matthew Groom MP
Minister for State Growth
Minister for Energy
Minister for Environment, Parks and Heritage

Level 10, 15 Murray Street HOBART TAS 7000
Phone: (03) 6165 7743 | e-mail: robyn.wilkes@dpac.tas.gov.au

From: Christian Rainey | MWCC [mailto:christian@mtwellingtoncablecar.com]
Sent: Tuesday, 26 January 2016 8:36 PM
To: Wilkes, Robyn (DPaC)
Subject: Re: MWCC briefing - follow up request

Hi Robyn,

As promised, I can confirm a total of 11 attending this meeting from MWCC (= 14 in total, inc. the Minister and his two Advisors).

Present from our team will be the following:

Adrian Bold, CEO, MWCC

Jude Franks, Director of Tourism & Marketing, MWCC

Christian Rainey, Project Assistant & Company Secretary, MWCC

Mike Mahoney, Project Manager, MWCC

Bob Bradshaw, Construction Advisor, MWCC

Darryn Scott, Southern Tasmania Construction Manager, VOS Construction

Mark Millhouse, Projects Manager, VOS Construction

Shaun Turner, General Manager, Doppelmayr Australia

Anthea & David Hammon, Joint Managing Directors, Scenicworld

Richard Bold, Strategist & Logistics, MWCC

Thank you, we are looking forward to Thursday.

Christian

From: "Wilkes, Robyn (DPaC)" <Robyn.Wilkes@dpac.tas.gov.au>
Date: Wednesday, 20 January 2016 10:10 am
To: Christian Rainey <christian@mtwellingtoncablecar.com>
Subject: FW: MWCC briefing - follow up request

Dear Christian

Just thought I would touch base to see if you are in a position to confirm 12.00 noon next Thursday yet?

Keep me posted once you know.

Many thanks.
Robyn

Robyn Wilkes

Executive Officer | Office Manager
Office of the Hon Matthew Groom MP
Minister for State Growth
Minister for Energy
Minister for Environment, Parks and Heritage

Level 10, 15 Murray Street HOBART TAS 7000
Phone: (03) 6165 7743 | e-mail: robyn.wilkes@dpac.tas.gov.au

From: Wilkes, Robyn (DPaC)
Sent: Wednesday, 13 January 2016 12:19 PM
To: 'Christian Rainey | MWCC'
Subject: HPRM: RE: MWCC briefing - follow up request

Dear Christian

As per our conversation, I am currently holding Thursday 28 January at 12.00 noon for a half hour meeting with Minister Groom and his Advisers Adam Saddler and Will Joscelyne.

Once you have spoken to all the parties involved, please let me know if we can lock this in.

Many thanks.

Kind regards
Robyn

Robyn Wilkes

Executive Officer | Office Manager
Office of the Hon Matthew Groom MP
Minister for State Growth
Minister for Energy
Minister for Environment, Parks and Heritage

Level 10, 15 Murray Street HOBART TAS 7000
Phone: (03) 6165 7743 | e-mail: robyn.wilkes@dpac.tas.gov.au

From: Christian Rainey | MWCC [<mailto:christian@mtwellingtoncablecar.com>]
Sent: Thursday, 10 December 2015 8:21 AM
To: Invitations, Premier (DPaC); Groom Invitations (DPaC); peter.gutwein@parliament.tas.gov.au
Cc: Willcox, Simon (DPaC); Adrian Bold
Subject: MWCC briefing - follow up request

On behalf the board of the Mount Wellington Cableway Company Pty Limited, I again seek to request a joint opportunity to present the proposal for a holistic tourism venture on kunanyi/Mount Wellington to the Premier and Cabinet.

The purpose of this meeting is to brief the Premier and relevant Ministers of the project status and particulars, as we have with the balance of Parliament.

The Board requests the presence of the Premier & relevant Ministers to ensure key particulars regarding plausible steps forward for the project are understood.

Please note this meeting request has also been copied to:

Matthew Groom MP via matthew.groom@dpac.tas.gov.au

Peter Gutwein MP via peter.gutwein@parliament.tas.gov.au

Simon Willcox via simon.willcox@dpac.tas.gov.au

Regards,

Christian

Christian Rainey

BOARD SECRETARIAT

MOUNT WELLINGTON CABLEWAY COMPANY PTY LIMITED.

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Wilkes, Robyn (DPaC)

From: Groom, Minister (DPaC)
Sent: Monday, 7 March 2016 2:32 PM
To: Jude Franks
Subject: HPRM: RE: HPRM: MWCC update

HP Records Manager Record Number:
M15/27195-13

Dear Jude

On behalf of Minister Groom, I would like to acknowledge and thank you for your email.

This will be brought to the Minister's attention.

Kind regards
Robyn

Robyn Wilkes

Executive Officer | Diary Manager
Office of the Hon Matthew Groom MP
Minister for State Growth
Minister for Energy
Minister for Environment, Parks and Heritage

Level 10, 15 Murray Street HOBART TAS 7000
Phone: (03) 6165 7743 | e-mail: robyn.wilkes@dpac.tas.gov.au

From: Jude Franks
Sent: Friday, 4 March 2016 10:19 AM
To: Groom, Matthew (DPaC)
Cc: Adrian Bold; Christian Rainey | Mwcc; <ian@mtwellingtoncablecar.com>; <jude@mtwellingtoncablecar.com>
Subject: HPRM: MWCC update

Dear Minister Groom,

Please see the attached letter .

Kind regards,

Jude

Jude Franks
Director-
Mt Wellington Cableway Company
RACT, RACT Travel, RACT Destinations, RACT Southern Advisory Committee
PAHSMA
Cartela Steamship

Principal
Jude Franks Consulting
Tourism ,Marketing & Management Consultants

Subject: MWCC update

Dear Minister Groom,

It is now over a month since our briefing meeting on the Mount Wellington Cable Car project with yourself and your advisors. We are very aware that since we met, you have had many other priorities, challenges, and issues to manage.

During this time the project has continued to progress significantly, however we have now come to the point that we require the next steps in the process to be determined prior to any further actions.

We would appreciate an update and clarification regarding the status of the process determination, and when you expect this will be finalised.

For your information, some of the areas we have been progressing have included further refinement of the funding and financing model for the project, and the commissioning of an independent macro-economic analysis of the project to quantify the economic benefit to Tasmania.

In summary;

- The macro-economic report will be available in draft form early next week
- All media comment has ceased as per our commitment to the process determination, however a meeting with The Mercury Editor has established their support once a Government endorsed process is determined
- Significant expanded expertise on board the project team
- Finance framework ratified

Minister, we would appreciate an urgent update on the status of the process determination, as there is currently significant momentum being lost on the project. There is a concern regarding the investment window narrowing, and contractors and stakeholders alike, potentially losing belief that this project will ever happen, potentially recalibrating their efforts and investment focus.

We would be very happy to meet with you again next week to address any outstanding issues or concerns that are preventing the process determination, and to further brief you on the issues mentioned above.

Kind regards,

Christian

Christian Rainey

COMPANY SECRETARY

MOUNT WELLINGTON CABLEWAY COMPANY PTY LIMITED.

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Released under RTI

Wilkes, Robyn (DPaC)

From: Wilkes, Robyn (DPaC) on behalf of Joscelyne, William (DPaC)
Sent: Friday, 13 May 2016 3:39 PM
To: Rainey Christian (christian@mtwellingtoncablecar.com)
Subject: HPRM: Letter from Will Joscelyne concerning an RTI Request
Attachments: SKMBT_C454e16051316350.pdf

HP Records Manager Record Number:
M16/7586-14

Dear Mr Rainey

Please see the attached letter from Will Joscelyne for your attention and response.

Many thanks.

Kind regards
Robyn

Robyn Wilkes

Office / Diary Manager
Office of the Hon Matthew Groom MP
Minister for State Growth
Minister for Energy
Minister for Environment, Parks and Heritage

Level 10, 15 Murray Street HOBART TAS 7000
Phone: (03) 6165 7743 | e-mail: robyn.wilkes@dpac.tas.gov.au

Released under RTI

**Office of the
Minister for State Growth
Minister for Energy
Minister for Environment, Parks and Heritage**

Level 10 15 Murray Street HOBART TAS 7000 Australia
GPO Box 123 HOBART TAS 7001 Australia
Ph: +61 3 6165 7739
Email Minister.Groom@dpac.tas.gov.au
Web www.stategrowth.tas.gov.au www.dpipwe.tas.gov.au www.skills.tas.gov.au



Mr Christian Rainey
Company Secretary
Moung Wellington Cableway Company Pty Limited
GPO Box 409
HOBART TAS 7001
Email: christian@mtwellingtoncablecar.com

Dear Mr Rainey

I am writing to advise you that the office of the Hon Matthew Groom MP has received a request for assessed disclosure of information under the *Right to Information Act 2009* (RTI Act). This request is for a copy of the Minister's diary.

I have identified information in the Minister's diary that relates to you and your business.

The RTI Act provides that such information may be exempt from release in certain instances. Section 36 of the RTI Act concerns disclosure of personal information and Section 37 of the RTI Act concerns information relating to the business affairs of a third party.

I consider that the identified information may fall into these categories and that its release may be reasonably expected to be of concern to you.

Before making a decision about disclosure, in accordance with Section 37(2) of the RTI Act, I am required to seek the views of affected third parties as to whether the information identified should be released.

If you do not wish to have your personal details or this information relating to your business released, please notify me by email at William.Joscelyne@dpac.tas.gov.au. Under the RTI Act, if you have not responded within 15 days you will be deemed to have given consent for the release of this information.

If you have any further queries regarding this matter, please do not hesitate to contact me on 0419385966.

Yours sincerely

Will Joscelyne
RTI Officer

13 May 2016

Saddler, Adam (DPaC)

From: Jude Franks
Sent: Monday, 12 September 2016 5:28 PM
To: Saddler, Adam (DPaC)
Subject: Re: MWCC Assessment Process 09092016.docx

Hi Adam - sorry - we just finished the meeting - will get Christian to send it tonight .
Ta

Jude
Principal
Jude Franks Consulting
Tourism, Management and Marketing Consultants

On 12 Sep 2016, at 4:56 PM, Saddler, Adam (DPaC) <Adam.Saddler@dpac.tas.gov.au> wrote:

Jude

I can't open it, can you just send it thru?

Cheers
Adam

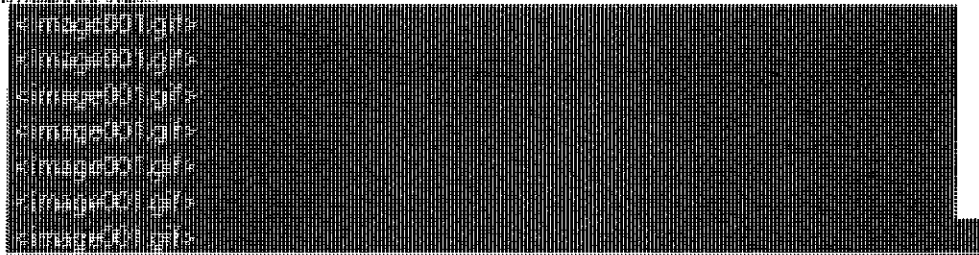
From: Jude Franks
Sent: Saturday, 10 September 2016 9:54 AM
To: Saddler, Adam (DPaC)
Subject: MWCC Assessment Process 09092016.docx

Hi Adam,
Mark-ups are additional or amended /expanded information required...

[https://www.dropbox.com/home/MWCC/01 - strategy/1.1 - documentation/1.1.5 - POSS Submission/Assessment Process?preview=MWCC+Assessment+Process+09092016.docx](https://www.dropbox.com/home/MWCC/01-strategy/1.1-documentation/1.1.5-POSS%20Submission/Assessment%20Process?preview=MWCC+Assessment+Process+09092016.docx)

<image001.gif>

<image001.gif>



Write a comment

<image001.gif>

<image002.png>

Kind regards,

Jude

Jude Franks

Principal- Jude Franks Consulting
Tourism, Marketing & Management Consultants

Director;
Port Arthur Historic Sites Management Authority, RACT, RACT Destinations, RACT Travel
& Mt Wellington Cablecar Pty Ltd, Cartela Steamship

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Released under RTI

Assessment Process for Determining Suitability of the Mt Wellington Cable Car Project as a Project of State Significance

The Coordinator-General will facilitate an assessment of the Mt Wellington Cable Car Project (Project) by the Tasmanian Development Board (Board). The Board will review and evaluate the financial viability of the project, financial capacity of the proponent to deliver the project, technical expertise of the proponent to manage the project and undertake a preliminary assessment of the extent to which the project might meet the Project of State Significance (POSS) attributes required under the *State Policies and Projects Act 1993*.

OBJECTIVES

The objective for the Board in determining the suitability of the Cable Car Project as a POSS is to ensure that the proponent is provided with a fair and transparent process through which information is provided and assessed with the objective of an appropriate recommendation being provided to government, through Cabinet.

PROBITY

The assessment of the project will be conducted through the application of established probity principles that aim to ensure the integrity of the decision making process.

ASSESSMENT PROCESS

The following sets out a process to provide recommendations back to Cabinet following an assessment of detailed information regarding the project, including the financial viability of the project, financial and technical capacity of the proponent and the project's suitability to be considered a POSS.

Assessment by Tasmanian Development Board (Board)

The project will be submitted for assessment under the process outlined in this document by the proponent to the Board.

The Board will:

- review detailed information provided by the proponent on the project;
- make an assessment of the financial viability of the project, financial and technical capacity of the proponent to deliver the project;
- undertake a preliminary assessment of the extent to which the project might meet the POSS attributes required under the *State Policies and Project Act 1993*;
- review and assess any other incidental matters as it deems appropriate.

The Board will have the ability to seek further information and to place realistic time frames around the provision of such information.

The Board may seek additional information and advice from relevant government agencies, industry bodies or other third parties to assist it in its deliberations. Any interactions with bodies outside the Board will be subject to probity conditions, ensuring full confidentiality is maintained.

The Proponent will need to provide specific information in relation to each of the criteria as detailed below.

CRITERIA 1

Financial Viability of the Project

- Full and thorough business case (including objective third party validation on critical elements as determined by the Assessment Panel); including but not limited to the following:
 - Details of the full financial structure of business, including all associated business entities and/or details of the full financial structure of the Project and its relationship to the business entity.
- Forecasted financial statements for the next 6 years - on a monthly, quarterly and annual basis, prepared in accordance with normal accounting standards, incorporating:
 - Balance Sheet.
 - Profit and Loss Statement.
 - Cash Flow Statement.
 - Breakeven analysis.
- Detailed analysis of project attributes including:
 - Strengths, Weaknesses, Opportunities and Threats
 - Detailed assessment of key risks and threats, including likelihood of occurrence, level of impact on the business and strategies for minimising or mitigating risks and threats
 - Costs associated with risk mitigation and how these are to be funded.

CRITERIA 2

Financial Capacity of the Proponent to deliver the Project

- Details and evidence of current capital investment raised for the project, including names of investors, financiers, business partners and the like.
- Details of the full capital investment required for the project including amount of funding required together with a clear identification of loan, investment, equity funding obtained from banks, investors, business partners, venture capital or government. It is a merge of evidence that has not been provided.
- Details of the proposed approach to raising of full project funding, including details of the proposed commercial offering to potential investors, including objective third party evidence to demonstrate market acceptability of offering to investors and financiers, as well as the proponent's ability to raise full project funding.
- Details of proposed public liability insurance and other relevant insurances during construction and ongoing operation.

CRITERIA 3

Technical Capacity of the Proponent to deliver the Project

- Origins, location, ownership, history, management, activity, business concept, future goals and objectives of the proponent's business

- Identification and supporting information relating to the expertise of all parties associated with the Project
- Detailed design and engineering assessment of the entire project.
- Details of the qualifications, experience and capacity of the proponent to establish and operate the Project, including:
 - Technical, construction and operational capacity and expertise.
 - Experience or capacity in managing the approval, construction and operation of similar ventures or services.
 - Experience or capacity in engaging with governments, local communities, indigenous communities and other stakeholders.
 - Experience or capacity in complying with applicable statutory and regulatory requirements.

CRITERIA 4

Assessment of the extent to which the Project might meet the requirements to proceed as a POSS under the State Policies and Projects Act 1993

In addition to the aforementioned information requirements, the proponent must also provide the Board with additional information to establish how the project might meet the POSS attributes established under Act.

STATE POLICIES AND PROJECTS ACT 1993 - SECT 16

PART 3 - Integrated assessment of projects of State significance 16. Interpretation: Part 3

(1) For the purposes of this Part, a project is eligible to be a Project of State significance if it possesses at least 2 of the following attributes:

- (a) significant capital investment;
- (b) significant contribution to the State's economic development;
- (c) significant consequential economic impacts;
- (d) significant potential contribution to Australia's balance of payments;
- (e) significant impact on the environment;
- (f) complex technical processes and engineering designs;
- (g) significant infrastructure requirements.

Recommendation to Cabinet for consideration.

Based on the findings of the Board, the Coordinator General will make recommendations to government, through Cabinet, in relation to the potential suitability of the project as a POSS and any other related matters.