



DESTINATION PAGODA

Economic Report



- a world-class tourism and conservation reserve on Lithgow's doorstep
- a win for workers, community and environment

ECONOMIC RESEARCH REPORT

DESTINATION PAGODA



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Authored by: Dr Jo Mackellar
7 May 2020

Executive Summary

This report was commissioned by the Colong Wilderness Foundation Ltd on behalf of the Gardens of Stone Alliance¹ to assess the profile of potential visitors to Gardens of Stone State Conservation Area and the economic contribution of those visitors to the local region. The Alliance has produced a visitor plan for the proposal under the title of Destination Pagoda.

The proposed Gardens of Stone State Conservation Area (GSSCA) refers to a 39,000 ha area of natural beauty and Aboriginal heritage on the edge of Lithgow and 140 kms from Sydney. The area is widely considered to be the traditional Country of the Wiradjuri people currently managed as State Forest and other Crown land. The region has iconic pagoda rock landscapes found nowhere else in the world, Aboriginal rock art and a unique flora of swamps and forests with 84 threatened plants and animals. The unique attractions of the area show strong potential to attract an increasingly large segment of nature-based tourists to the Lithgow LGA. This benefit depends on the area being given effective protection and management as a State Conservation Area (SCA).

In assessing the profile of potential visitors, analysis of general trends in nature-based tourism have shown increasing numbers of visitors to natural areas in NSW, and specifically to the Blue Mountains region. The Blue Mountains in particular has seen high visitation to the National Park with increases of 76% in the past 10 years, placing pressures on local towns and communities. It is conceivable that these visitors will be looking for new iconic natural attractions, to add to their day trip and overnight itineraries as these natural areas become increasingly crowded.

The profile of potential visitors has been compiled using a range of research and data from NPWS and DNSW, as well as data from the Tourism Research Australia (TRA) visitor database. This data assesses both state-wide trends, as well as local Lithgow and Blue Mountains data. Analysis has found a large segment of nature-based visitors in the Blue Mountains/Lithgow areas that include;

- A mix of lifecycle segments with families (37%), singles (50%) and couples (13%).
- Older range of age groups over 35 years (70%).
- High income range 55% household income over \$105,000 p.a.
- Visitors primarily from Sydney, Central NSW and the Blue Mountains.

¹ The Gardens of Stone Alliance was founded in October 2013 by the Colong Foundation for Wilderness, Lithgow Environment Group and Blue Mountains Conservation Society to seek reservation of the public forests near Lithgow in a State Conservation Area.



- Day trippers (70%) and overnight visitors (30%).
- Visitors looking for walks (76%) and sightseeing (14%).
- Walkers looking for walks up to 4 hours (56% of walkers).

Visitors to Destination Pagoda would be a mix of new visitors, existing visitors and residents. The Lithgow area is already established to deliver tourist experiences, and can be carefully developed for future sustainable nature-based tourism. Its location on the edge of the Blue Mountains tourism region also provides a competitive advantage to engage existing visitors looking for a new and iconic nature experience.

The visitor data shows there is a large segment of existing nature-tourists in the Lithgow area, attracted by National Parks, State Forests and State Conservation Areas and growing at an average of 12% per year. A strong ratio of around 30% of these visitors is expected to be the first to experience the new destination. New visitors, attracted by the iconic landscapes of Destination Pagoda, are alone estimated at 60,000 in the first year growing at a rate of 12% per year to 166,000 in 10 years. Lithgow residents will also be a part of the mix of visitors enjoying new experiences in the park, although only representing 3% of the total visitation.

In total, it is estimated in this report that the area can attract 155,000 visitors in the first year, growing to 420,000 in ten years. Based on this visitor estimate, an economic impact assessment of the protected area was undertaken to assess its potential direct contribution to the local economy. It is estimated that by its maturity in 10 years, the SCA would generate an estimated \$24.3 million per year from new visitors, into the local economy in dining, accommodation, retail and transport expenditure. When modelled further, this expenditure contributes a total of \$40.3 million to the local economy through direct, industry and consumption effects, contributing to 258 local FTE jobs.

The projections here are conditional on the right facilities being in place for roads, shelters, toilets, walking tracks, lookouts, signage and promotion, and that the needs of defined visitor segments are met. They are also conditional on visitation returning to normal patterns after the COVID-19 disruptions to travel. While there is no model to demonstrate how, or to what levels visitation will return to regional areas, day travellers returning to nature may see some immediate bounce-back.

In summary, the report has found that increasing demands for nature-based tourism, both locally, and throughout NSW, are likely to provide an increasing demand for experiences in places like Destination Pagoda. This will provide important economic contributions to local regional communities such as Lithgow.

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This document has been compiled by researchers from Destination Research. The visitation statistics contained in this report are based on the sample data collected and therefore provide an indication of visitor trends rather than actual performance measures. The information presented in this report is accurate at the time of printing. Whilst all care is taken to ensure its accuracy, no liability is accepted for loss or damage because of its content. Findings and recommendations are based on the data of the current study; further research may be required in some areas to validate the findings of this study.

Enquiries should be directed to the Research
Manager:destination.research@yahoo.com

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Section One

Study Background



1] Introduction

Destination Pagoda is a proposed State Conservation Area, over the Gardens of Stone region on the western edge of the Blue Mountains. The area offers an accessible destination within a two hour drive from Sydney to experience the unique natural attractions of pagoda rock formations, Aboriginal heritage sites and bushwalking adjacent to World Heritage listed bushland. The proposed area consists of 39,000 hectares of public land, and is bordered by three National Parks that are within the Greater Blue Mountains World Heritage Area. The area is also rich in Aboriginal heritage, being on the Country of the Mingaan Wiradjuri people.

The overall purpose of the study was to assess the profile and expenditure of visitors to the protected area and its contribution to the local and regional economy. More specifically, the report aims to provide:

- 1. Market research data on the current profile and tourist patterns of visitors to the region*
- 2. Assessment of the visitor and economic impact of the proposed State Conservation Area.*

This report is written from a visitation and tourism perspective, assessing the statistical data and tourism studies to determine the potential quantity and expenditure of visitors to the area. Within the tourism industry, the area has long been monitored by DNSW as part of the Greater Blue Mountains which stretches from Glenbrook in the east to Lithgow to the west and south to Oberon². The Lithgow LGA has been well established to deliver tourist experiences, attracting approximately 710,000 visitors per year at an annual average growth rate of 12%. The development of future sustainable nature-based tourism is noted in the Lithgow Destination Management Plan and recent promotional campaigns created by Lithgow City Council such as 'Lithgow 360° – Your Adventure Awaits'³. The area under study is currently promoted by Lithgow City Council as separate locations including Wolgan Valley, Newnes Plateau and Capertee Valley for low key nature experiences and camping.

When looking at data from a protected area management perspective, the area has slightly different boundaries and inclusions, and fits within the Greater Blue Mountains Area, managed and promoted by NPWS, the Greater Blue Mountains Area World Heritage Advisory Committee and various environmental agencies and groups. As noted, the proposed area

² the Lithgow area is considered part of the Country Outback destination network in NSW.

³ <http://council.lithgow.com/category/news/page/8/>

currently has various protected designations, and as such the term ‘protected area’ is used throughout this report as referring to types of gazetted and designated areas which include:

- National Parks
- State Conservation Areas
- Marine Parks
- State Forests
- Regional Parks
- Crown reserves
- Other areas as described herein.

Destination Pagoda encompasses several areas adjoining State Forest and public reserves with minimal aging visitor facilities and infrastructure. Visitors are not well monitored, with vehicle counts being the best estimate of visitor numbers. Current visitation estimates for Newnes State Forest is approximately 100,000 visits (including residents) from 42,800 vehicles per year⁴. The majority (42%) of these were heading to the Glow Worm Tunnel. The concept of creating a single destination as a State Conservation Area would unite these locations and allow focussed promotional and management efforts.



⁴ Confidential data provide by FCNSW – estimate only

1.1 Research methods

The project utilised a combination of existing research with new data analysis from TRA to complete a profile of potential visitors to the area and examine the tourism and economic value that can be created from protected area activity. Strategic plans for protected areas in NSW are also examined to assess the demand for protected area visitation in Lithgow, and surrounding areas. For the purpose of this review, statistics and strategic planning documents have been sourced from:

- Australian Bureau of Statistics (ABS)
- Department of Planning, Industry and Environment (DPIE)
- Department of Environment and Climate Change (DECC)
- NSW National Parks & Wildlife Service (NPWS)
- Destination NSW (DNSW)
- Lithgow Tourism (LT)
- Tourism Research Australia (TRA)
- Forestry Corporation NSW (FCNSW)
- Various protected area strategic plans and economic studies (as referenced).

This analysis identifies likely visitation and expenditure, which impact the economic contribution of the protected area to regional development. While the review focuses upon the economic contributions, it also recognises other social benefits to local communities which flow from protected area management.

1.2 Data analysis

Once the profile of potential visitors was complete, analysis of the economic impact data was initially made using the *direct visitor expenditure method*, a method developed by the Sustainable Tourism Cooperative Research Centre in 2006. This has been utilised in the tourism industry as an accurate method of determining the economic value of visitor activity in protected areas generated specifically from visitors who are bringing 'new money' to the region (Carlsen & Wood, 2004; Driml, 2013; Tremblay, 2007). It does not include visitors to the protected area who reside in the LGA, or are current visitors to the LGA, as that money was assumed to exist in the local economy.

Visitor expenditure data was then used to model the extended economic impacts for the LGA in direct, industry and consumption effects. This was done using the *economy.id* profile modelling system for the Lithgow City LGA, as developed by the National Institute of Economic and Industry Research (NIEIR).

Section Two Research Review



2] Trends in nature-based tourism in Australia

According to DNSW, the volume of nature-based visitors; nights and expenditure in NSW have continually increased since YE December 2010 and were highest on record for all international, domestic overnight and the domestic day trip markets (DNSW, 2018). Accordingly, in 2018, National Parks along the eastern states in NSW, Qld and Vic all delivered increases in visitation of 9%, 6% and 16% respectively (TEQ, 2018) highlighting their overall attraction. However, visitation in some areas is growing at much higher rate, with visits to some NPWS parks increasing by approx. 60% in 2016-18 (Roy_Morgan, 2019). While some of this growth is related to population growth in parks close to major cities (Hardiman & Burgin, 2017), it is also related to the desire to engage in eco-tourism and nature-based activities (Donohoe & Needham, 2006).

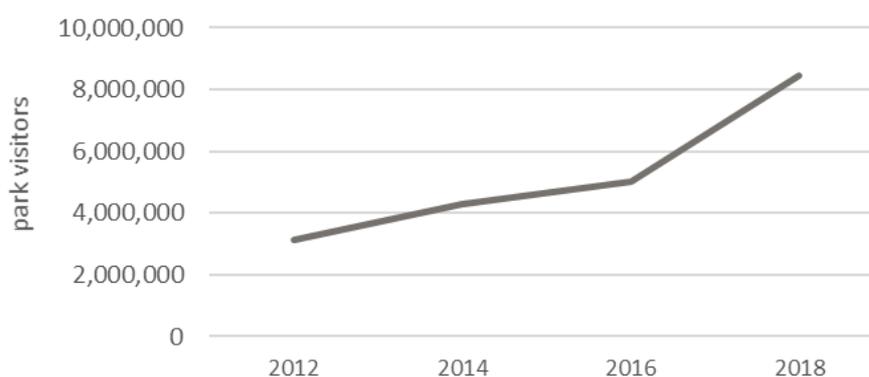
In 2018, NPWS documented 60.2 million domestic visits to its 870 parks and reserves in NSW; with 16% of those visits in the Blue Mountains National Park at 8.4 million visits, followed by Royal National Park (6 million visits) and Ku-ring-gai Chase National Park (4 million) (Roy_Morgan, 2019). Visitation to the Blue Mountains National Park is clearly the highest in the State and grew an outstanding 68% between 2016 and 2018 (NPWS, 2018a; Roy_Morgan, 2019). Other National Parks have also seen increases of between 10% and 60%, leading some to question the sustainability of these increases.

Table 1: NPWS park visitation 2012-2018

Year	Total visitation to all NSW parks	% change	Blue Mountains NP	% change
2012	35,495,624		3,134,192	
2014	39,436,048	11%	4,289,882	37%
2016	51,661,944	31%	5,024,617	17%
2018	60,236,009	17%	8,438,671	68%

Source: (NPWS, 2018a)

Figure 1: Blue Mountains National Park visitation



Visitors to World Heritage Areas (WHA)

Destination Pagoda adjoins “The Greater Blue Mountains World Heritage Area” consisting of eight connected conservation areas of Wollemi, Yengo, Gardens of Stone, Blue Mountains, Kanangra-Boyd, Nattai and Thirlmere Lakes national parks and Jenolan Karst Conservation Reserve (AWE, 2020). Many of these areas are also seeing increases in visitation, albeit at varying degrees (Roy_Morgan, 2019). Studies show that that some WHA sites in Australia (such as the Blue Mountains) receive more visitors than others due in part to their size and accessibility. Others have a greater reputation, containing features of natural or cultural heritage which the others do not (Buckley, 2004; Hardiman & Burgin, 2013). It is also suggested that many of these iconic nature-scapes can be better promoted under a National Landscapes Program to drive sustainable tourism to specific areas of environmental or cultural significance (DECC, 2008).

Visitors to WHAs are often considered similar to those who visit National Parks; primarily enjoying nature experiences as well as heritage and culture (Hardiman & Burgin, 2013). However, others are special interest tourists, ecotourists and those who also self-identify as “World Heritage collectors” - collecting “places” that are of World Heritage status (Buckley, 2004; King & Prideaux, 2010).

Visitor expenditure

It has been well documented that visitation in National Parks and other protected areas contributes to economic development in regional areas of NSW. It is estimated that visits to all NPWS parks and reserves generated an estimated \$11 billion a year in expenditure (NPWS, 2018a). Surveys of visitors show their expenditure is mostly outside the protected areas in food, accommodation, services and retail sectors, although some expenditure is contributed directly to NPWS at visitor centres, fees and tours. Visitor expenditure flows to fund direct employment or indirect employment in the local area and further through industrial and consumption impact (see section 6). There is, however, great variance in the ability of each park to attract visitors and therefore to generate visitor expenditure.

A study in Southern NSW in 2006 suggested that the economic impact of national parks and reserves on the NSW Far South Coast was around \$407 million from 972,000 visitors per year. Over half (65%) of these visitors reside in other parts of NSW, Australia, or overseas. In that area, park visitor expenditure supported around 813 jobs (DPIE, 2006).



3] Visitor profile

NPWS have undertaken studies into the profile and behaviours of visitors in protected areas they manage. These studies describe who is visiting, what they do there and how long they stay. They have been reviewed below to create the profile of likely visitors to Destination Pagoda.

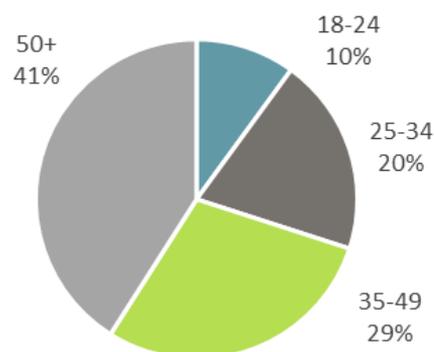
3.1 Demographic profile of visitors

Visitors surveys have been undertaken every two years for parks managed by NPWS including National Parks, State Conservation Areas, Nature Reserves and State Forests (Roy_Morgan, 2019). The results show a very similar demographic profile of visitors over the past 10 years, with some variation noted between parks. The results reviewed for the Blue Mountains National Park, are very similar to NSW parks as a whole.

Age and gender of visitors

NPWS studies over the past 10 years indicate a higher ratio of male visitors to females, where 52% were male and 48% female. Their research suggests visitors are in older age groups with around 40% over the age of 50 years (Roy_Morgan, 2019).

Figure 2: Age groups of visitors



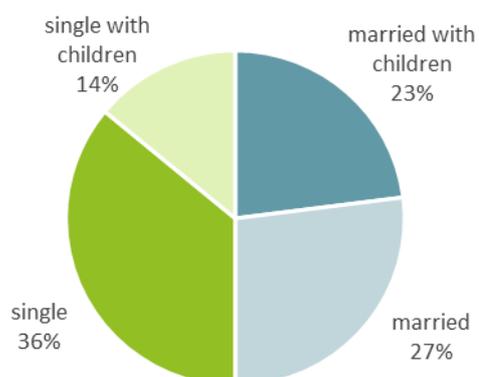
Income and occupation

Visitors have a relatively high income with 30% of NPWS park visitors from high income households (\$105,00-\$198,000 per year), and 23% with more than \$199,600 per year.

Visitor lifecycle

Across NSW there is an equal ratio of protected area visitors who are married (50%) as those that are single (50%) – although they may travel in friend groups. Just over a third of visitors are in family groups; visiting with children (37%).

Figure 3: Lifecycle of visitors



3.2 Behaviour profile

When designing and assessing new visitor experiences it is important to look at visitor behaviour in other similar destinations, in terms of the activities they undertake and the length of stay in the area. This points to their propensity for expenditure.

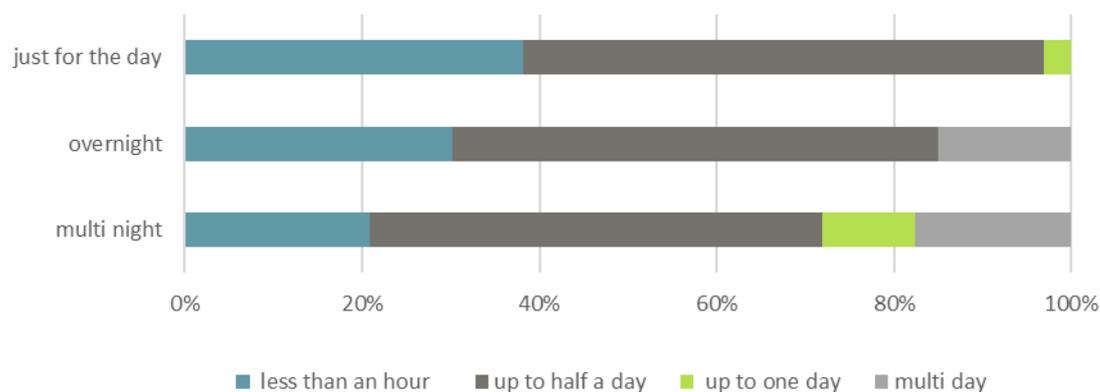
Activities undertaken in Blue Mountains National Park

Studies across NPWS Parks over the past ten years show that walking is consistently the most common activity undertaken by visitors. In the Blue Mountains NP, 76% indicated walking as an activity, with the following breakdown of “walkers”:

- 56% walked for *up to half a day* (approximately 4 hours)
- 32% walked for *less than an hour*
- 4% walked for *up to one day* (approximately 8 hours)
- 4% went on a *multi-day walk* (NPWS, 2018b)

As shown below, this is true for day visitors, for overnight or longer.

Figure 4: Walking duration by length of stay NSW

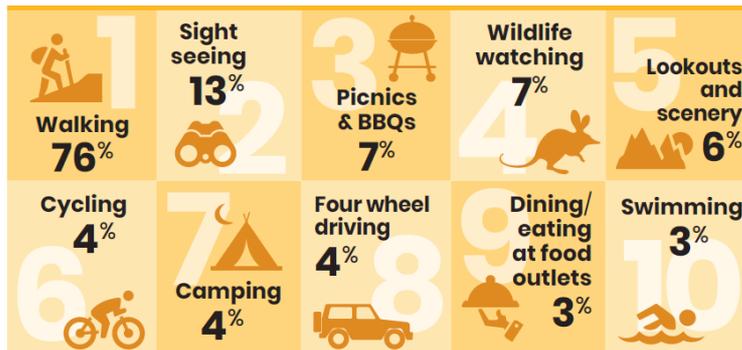


Source: Roy Morgan (2019)

In the Blue Mountains NP walking is followed by touring and sight-seeing (14%) and picnicking/dining (7%). While there is growing demand for other special interest activities such as canyoning and cycling, they remain as niche segments for certain parks with specific natural formations (e.g. canyoning) (Hardiman & Burgin, 2017).



Figure 5: Blue Mountains National Park activities



Source: NPWS (2018b)

Duration of visit

Day visitors are prominent in NSW parks generally (and in Blue Mountains National Park specifically) with 74% of visits just for the day (note this excludes residents). While longer visits in the park were less frequent; overnight (6%) or for multiple nights (10%). This suggests that around 16% of visitors are accommodated in the park (NPWS, 2018b).

Seasonality and frequency of visit

Visitation to BMNP has been relatively stable across the course of the year, with minor peaks in visitation in December, February, May and mid-July-mid August. (Roy_Morgan, 2019). It is interesting that many visits to BMNP are part of a regular routine (42%), suggesting that many visitors reside close to the park (NPWS, 2018b).

Blue Mountains National Park Visitor Profile:

- 55% income over \$105,000
- 50% single
- 37% come with children
- 70% over 35 years
- 74% come just for the day
- 24% on longer holiday
- 42% of visits part of regular routine
- 76% undertake walking

4] Park visitor segmentation

Segmentation of visitors provides essential insights into likely visitors to a protected area or destination, as it groups visitors by common characteristics, behaviours or values. The needs of each group can then be more effectively understood and promotions can be targeted. As described below, visitor segmentation has been undertaken by NPWS and DNSW in areas adjacent to the proposed area, providing insight into the likely visitors.

4.1 NPWS Segmentation

In 2016, needs-based segmentation was undertaken on visitors in parks managed by NPWS (Roy_Morgan, 2019). This identified four core visitor segments based on visitor behaviour, needs and preferences. This helps managers to understand the differences between segments as they attract and manage visitors.

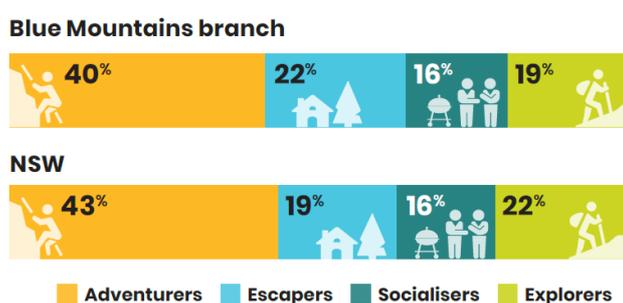
Table 2: NPWS visitor segments

Segment	Seeking	% in Blue Mountains
Adventurers	Parks provide venues where visitors can explore and be free to do their own thing and be independent. Parks that have iconic nature and wildlife, as places to have meaningful experiences.	40%
Explorers	Visitors like to do the same activity in different places (fishing, photography etc.) and are enticed with special deals, events and word of mouth recommendations.	22%
Socialisers	The park provides a place for socialising with friends/family where they'd want to recreate and have fun. Also motivated by educational aspects of the experience.	16%
Escapers	Visitors are looking to go to parks to slow the pace down and allow them to put life into context. They want nature based escape experiences that encompass adventure/ outdoor activities.	19%

Source: (DNSW, 2019a; Franklin, 2019)

Research in the Blue Mountains Branch in 2018 found similar results to the rest of NSW, where around 40% of visitors were Adventurers, enjoying iconic nature experiences, walking and other independent activities.

Figure 6: Blue Mountains Branch NPWS visitor segments



Source: NPWS (2018b)



4.2 Tourism segmentation

Segmentation of visitors is of great importance to tourism marketers to develop tourism plans and destination strategies. Using survey data from Tourism Research Australia, visitors are segmented into domestic day visitors, domestic overnight visitors and international overnight visitors. The statistics for the area which includes the proposed State Conservation Area are provided below.

Blue Mountains Tourism Region

Statistics for the Blue Mountains Tourism Region includes LGA's from Blaxland to Lithgow and further south to Oberon. Specifically, DNSW and TRA have designated the following SA2 areas in their regional statistics since 2000 allowing comparison of visitation trends over that time:

- Katoomba - Leura
- Lithgow & surrounds
- Blaxland - Warrimoo - Lapstone
- Blackheath - Megalong Valley
- Oberon
- Springwood - Winmalee
- Wentworth Falls
- Lawson - Hazelbrook - Linden
- Wollangambe – Wollemi

According to DNSW, in 2019, the total tourism region attracted approximately 4.7 million visitors, spending a total of \$807 million (DNSW, 2019a).

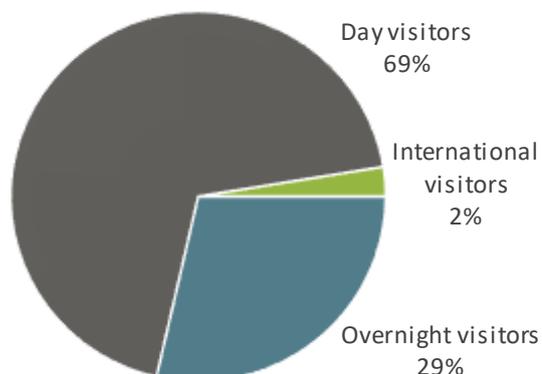
It should be noted, however, that this region is different to the Blue Mountains area included in the state government Destination Network which separates the LGAs of Lithgow and Oberon from the others listed above (BMCC, 2017; DNSW, 2020). Recent changes to the regional tourism organisations (RTO) in NSW impact the way in which the Blue Mountains region is promoted and coordinated at the state and LGA level. Importantly, the LGA of Lithgow is now considered part of Country Outback NSW, while Blue Mountains LGA is part of Sydney Surrounds North⁵. This divide is not ideal as much of the natural areas of the Blue Mountains clearly reside within the Lithgow and Oberon LGAs, and are included in the Blue Mountains area managed by NPWS, as well as the Blue Mountains WHA.

⁵ <https://www.destinationnsw.com.au/wp-content/uploads/2016/07/Destination-Networks-29-June-2017.pdf>

4.3 Visitation to Blue Mountains Tourism Region

Figure 7: Visitors to Blue Mountains Tourism Region

As illustrated in Figure 7, day visitors (from <50kms) are currently the largest segment of visitors (69%) in the Blue Mountains, with overnight visitors representing 29% of all visitors, and international visitors at 2% (DNSW, 2019b).



Domestic day visitors

As the largest segment, approximately 3.2 million domestic day visitors travelled to the Blue Mountains in 2019 (up 12% on the previous year) (DNSW, 2019a). TRA survey data suggests 50% of day visitors engaged in nature activities such as bushwalking while in the region. This equates to 1.5 million day trippers engaged in bushwalking activities in the Blue Mountains tourism region (DNSW, 2019a). Day trippers spend an average of \$100 per day.

Overnight visitors

The Blue Mountains region attracted 1.4 million overnight visitors in 2019 with nature-tourists accounting for 60% or 0.8 million overnight visitors. The average length of stay was 2.3 nights and the average expenditure was \$149 per day.

International visitors

There were 0.12 million international visitors in the region in 2019, with nature-tourists accounting for 97% of visitors. The average length of stay in the region was 4.7 nights and average spend per night was \$102 (DNSW, 2019b).

This assessment suggests the nature tourism market is currently estimated at 2.5 million visitors per year (from outside the local region) to the Blue Mountains tourism region.

Table 3: Blue Mountains Tourism Region visitor summary (yr end Sept 2019)

Visitor type	Blue Mountains region '000	Nature tourists %	Nature tourists # '000
Day visitors	3,239	50%	1,620
Overnight visitors	1,357	60%	814
International visitors	117	97%	113
Total	4,713		2,547

Source: TRA (2020)



4.4 Visitation to Lithgow LGA

While the Katoomba-Leura area attracts the highest number of visitors, the Lithgow LGA has the second highest number of day visitors in the Blue Mountains Tourism Region over the past 5 years.

In 2019, Lithgow LGA attracted 16% of visitors to the total Blue Mountains Tourism Region, attracting approximately 767,000 visitors in 2019.

Day visitors (from >50kms) are the largest segment of visitors to Lithgow LGA (66%), with 33% being overnight visitors, and international visitors at 1% (TRA, 2020).

Figure 8: Visitors to Lithgow LGA

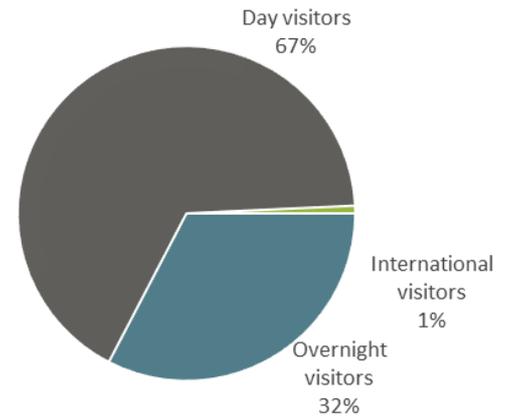


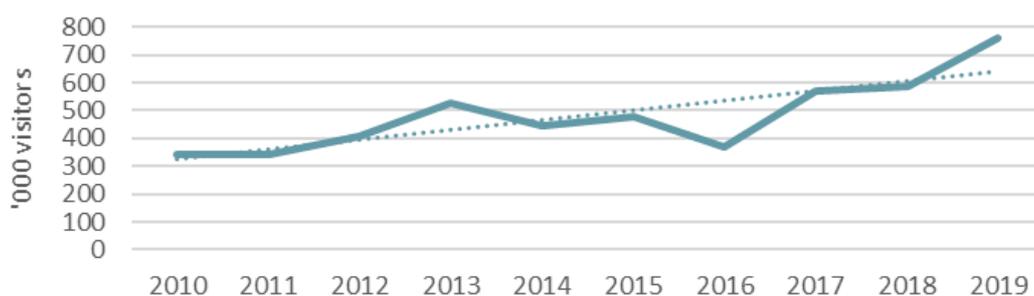
Table 4: Lithgow LGA visitor summary (yr end Sept 2019)

YEAR END SEPT 2019	2015	2016	2017	2018	2019
Domestic overnight visitors	104	122	238	196	250
% increase		17%	95%	-18%	28%
av night stay	2.8	2.5	2.5	2.0	2.3
Domestic day visitors	373	251	330	391	511
% increase		-33%	31%	18%	31%
International visitors	2	3	5	6	6
% increase		23%	77%	29%	-6%
Total visitors	479	376	573	593	767
% increase		-22%	52%	4%	29%

Source: TRA (2020)

As shown in the chart below, the volume of domestic visitors has been increasing substantially in Lithgow LGA by an average of 12% over the past ten years, due in part to strategic positioning as a nature destination (LCC, 2014, 2015).

Figure 9: Lithgow LGA domestic visitation trend 2010-2029



Residence of domestic visitors to Lithgow

As shown in Table 5, in 2019 the three highest generating segments were Sydney, Central NSW and the Blue Mountains.

- Sydney provided 53% of day visitors and 62% of overnight visitors. Lithgow is within 140 kms, or a 2 hour drive from Sydney, with the western suburbs of Parramatta under 2 hours (traffic permitting!).
- Central NSW provided 25% of day visitors, and 4% of overnight visitors mainly from Bathurst and Orange, which is also within 150 kms.
- The Blue Mountains LGA provides almost 20% of day visitors, and 8% of overnight visitors, being in close proximity.

Together these three market segments provide 97% of day visitors, and 77% of overnight visitors, making them the three key markets for future development.

Table 5: Residence of domestic visitors to Lithgow LGA 2019

2019	% of Overnight visitors	% of Day	% of Total visitors
Sydney	62%	53%	56%
Blue Mountains	8%	18%	14%
Hunter	7%	2%	4%
Central Coast	6%		2%
South Coast	4%	2%	3%
Central NSW	4%	25%	18%
Outback and other NSW	3%		1%
Interstate (VIC, QLD, ACT)	6%		2%

Source: TRA (2020)

Figure 10: Annular visitor regions



Figure is for illustrative purposes and is not to exact scale



Nature-tourists to Lithgow

In terms of nature-tourists, Lithgow LGA attracted approximately 257,000 visitors in 2019⁶, who undertook nature-based activities while in the area. However, as shown, the number of international visitors is currently negligible.

Table 6: Nature Tourists to Lithgow

Visitor type	Lithgow LGA 2019	Nature tourists %	Nature tourists # '000	% of total Lithgow visitors
Domestic Day visitors	511	25%	128	17%
Domestic Overnight visitors	250	50%	124	16%
International visitors	6	97%	5	1%
Total	767		257	34%

Source: TRA (2020)

This analysis suggests a substantial potential market for the proposed State Conservation Area (SCA) from domestic nature-based visitors who are already in the LGA for this purpose. While it is not likely that all of these nature-tourists will choose to visit the SCA, it is likely that a solid proportion will visit, conditional to the destination delivering the experience and facilities they are looking for.

The TRA data also indicates that almost 70% of visitors (67%) will be in the area for a day, while 36% will be looking for an overnight experience – not necessarily accommodated in the park. This is supported by data from NPWS which suggest 74% of visits to Blue Mountains NP were just for the day, with 10% staying for 1 night and 16% multiple nights (Roy_Morgan, 2019). **It is further aligned with data from the Blue Mountains tourism region (Section 4.3) to show 69% of visitors are day trippers. Using these three sources of information it is therefore suggested that approximately 70% of visitors to Destination Pagoda will be day visitors, while 30% will be overnight visitors accommodated both inside and outside the SCA.** TRA accommodation data suggests around 9% of overnight visitors to Lithgow LGA would be looking to camp in a National Park/Crown land area, while the majority are accommodated in friends and relatives homes (30%) and commercial hotels/motels (38%) (TRA, 2018).

⁶ TRA online data: Year end Sept 2019

Summary of visitor segments

Using the results from the above sections, the following tourism segments can be suggested based on duration of visit, and tourist motives and needs. These have alignment to NPWS needs-based segments as highlighted in bold in the table below.

Table 7: Tourism segments to Destination Pagoda

	Residence	Motive	Key experience	Key facilities ⁷
Day Visitors 70%-90%	Lithgow LGA			
	Sydney Blue Mountains Central West (Within 2 hour drive)	Experience new park Visitors on a longer tour adding a stop in Lithgow. 'Escapers' 'Socialisers'	Walks (<4 hrs) Drives Cultural icons Natural icons Viewpoints	* 2WD touring routes * shelters, toilets, water * signage * Viewing platform at Marrangaroo Creek Lookout * Information Bay near entry
Overnight Visitors 10%-30%		Short breakers grey nomads extended tourers VFR 'Escapers' 'Socialisers'	Walks (<4 hrs) Drives Cultural icon Natural icons Scenic viewpoints	* Camping sites * Signage * Picnic facilities and toilets * Multiple walk options * Aboriginal culture * interpretive walks * swamp walk, * pagoda walk, * wildflower walk. * 2WD touring routes * Historic sites * Glow Worm Tunnel
	Sydney Blue Mountains Central NSW Hunter			
	South Coast Interstate	'Adventurers'	Access to specific areas which provide iconic experiences Canyoning 4WD Rock climbing Mountain biking Walks >4hrs	*4WD routes *Camping sites *access to wilderness areas *remote bush walking tracks *canyons, rock climbing *mountain biking trail *Bicentennial Trail (existing).
		Special interest travellers 'Explorers'	Heritage Ecologists Bird watchers WHA collectors	*4WD routes *Camping sites *Interpreted historic sites, *WHA walks *bird hides *botany walks *Aboriginal site protection and interpretation



⁷ Information from Destination Pagoda Master Plan.

Section Three
Visitor Estimates &
Economic Impact Assessment

5] Visitation scenarios

How many will visit Destination Pagoda?

In terms of visitation, it is estimated that Gardens of Stone State Conservation Area will initially attract a total of 155,000 visitors per year growing to 420,000 over ten years. This estimate is based on:

1. Current visitors to Lithgow from nature-tourists – 30% of current nature visitors to Lithgow (pg 21) are estimated to add Destination Pagoda to their itinerary⁸. This is projected to continue to grow at 12% per annum (pg 22).
2. Projected new visitors to the LGA – an initial 60,000 new visitors are estimated in the first year, increasing at 12% per annum following the success and promotion of new attractions and experiences. It is often the case that day visitors are attracted first before overnight visitors follow. Further visitation from new visitors is likely as the SCA draws nature visitors from other areas of the Blue Mountains National Park, or new nature visitors from Sydney and Central West.
3. Residents from Lithgow LGA (pop. 20,000)- an estimate of 50% of residents are estimated to visit the SCA, based on a similar ratio found in NPWS data (NPWS, 2020).

Projections over four years shown in Table 8 are based on an increasing number of nature-tourists being attracted to the area. Increases however are conditional on the right facilities being in place for roads, shelters, toilets signage and promotion and the needs of defined segments are met. It is also conditional upon previous patterns and freedoms of travel returning after COVID_19.

Table 8: Visitor projections

'000 visitors	1-3 years	3-5 years	5-7 years	8-10
50% of residents	10	13	16	17
30% current nature-tourists to Lithgow LGA ⁹ +12% yearly growth	85	106	133	237
new visitors +12% yearly growth	60	75	95	166
Total visitation per annum	155	194	244	420

⁸ There is no current data to estimate the ratio of current visitors who would go to the new SCA. This could be verified through surveys of current visitors to gain a more accurate estimate

⁹ Total includes 12% ongoing annual visitor growth



Visitation validation to protected areas of similar size and facilities

It would be ideal to validate visitation estimates against other protected areas, however visitor count statistics for individual areas are difficult to obtain. This is partly because the visitor data system (VDS) used to collect visitor estimates in NSW State Forests and National Parks relies on a combination of vehicle counters, estimates and visitor counts from which no guarantee of accuracy is given (pers com FCNSW). There are often acknowledged difficulties encountered with the data counters and software, and other factors which make data collection difficult (DECC, 2009).

Visitation data for a selection of protected areas is shown in Table 9, highlighting the variability in visitation from 100,000 to over 800,000 per year. These are non-coastal areas with similar size, attractions and facilities.

Table 9: Visitor numbers to selected NSW protected areas

Protected area	Data Year	annual visitor numbers '000	Source
Murray River NP	2018	838	Roy_Morgan (2019)
Watagans Mountains SF	2009	615	DECC (2009)
Wollemi NP	2018	320	Roy_Morgan (2019)
Border Ranges NP	2018	264	Roy_Morgan (2019)
Orara East SF- Sealy lookout	2014	135	EPA (2017)
Kanangra-Boyd NP	2018	105	Roy_Morgan (2019)

The projected total visitation after 10 years of 420,000 (Table 8) is consistent with other park current visitation such as Wollemi NP (320,000), which adjoins the proposed Destination Pagoda and is more than the Border Ranges NP (264,000) in Northern NSW. The Border Ranges has several similar characteristics, being a similar size (31,000 ha), in an inland/mountain environment, adjoining WHA areas and accessed from a touring route (Summerland Highway) 2.5 hours drive from a capital city.

Visitation to the Border Ranges NP was under 40,000 visitors in 2000, before growing by 15% per year to 264,000 over a 20 year period. Other National Parks such as Murray Valley, have grown at a higher rate of 30% per year from 336,000 to 830,000 in 6 years. Given the variance and unpredictability in data from protected areas in NSW, a projected increase of 12% per year in line with other tourist visitation has been used in estimate of new visitor projections.

6] Visitor expenditure

6.1 Direct visitor expenditure

The economic impact analysis uses the 'direct visitor expenditure' method to calculate the expenditure of visitors to the protected area who are bringing 'new money' to the region, including both overnight visitors and day trippers who have come to Lithgow LGA to visit the protected area. It does not include current nature-tourists to protected areas in Lithgow, or those who reside in the local Lithgow LGA as that money was assumed to exist in the local economy.

To establish this expenditure, the per person expenditure estimated by TRA has been utilised, which includes expenditure on accommodation, dining, entertainment, transport and retail. Averaged over the four years (2012-2018), this is \$330 per trip for overnight visitors and \$68 per trip for day visitors (TRA, 2018).

Table 10: Visitor expenditure

	1-3 years	3-5 years	5-7 years	8-10 years
New visitors	60,000	75,000	95,000	166,000
Overnight tourist %	30%	30%	30%	30%
Overnight tourist #'s	18,000	22,500	28,500	49,800
per person visitor spend	\$330	\$330	\$330	\$330
Sub Total =	\$5,940,000	\$7,425,000	\$9,405,000	\$16,434,000
New visitors	60,000	75,000	95,000	166,000
day trippers (ex sgc)	70%	70%	70%	70%
# day trippers	42,000	52,500	66,500	116,200
visitor spend for the day	\$68	\$68	\$68	\$68
Sub Total =	\$2,856,000	\$3,570,000	\$4,522,000	\$7,901,600
Total visitor expenditure	\$8,796,000	\$10,995,000	\$13,927,000	\$24,335,600



6.2 Economic impact assessment

Using the visitor expenditure breakdown provided above, it is possible to model the impact of this expenditure in the Lithgow LGA economy using the *economy.id* modelling system. As recognised by DPIE, an increase in the number of local businesses leads to an increase in employment opportunities for residents¹⁰.

This tool uses input/output estimates to calculate the impact of the new SCA based on the increase visitor expenditure of **\$24.3 million calculated above for year 10 of the project**. The potential impact is estimated as shown in Table 11 and described below.

Table 11: Extended economic impact of Protected area

	Output (\$m)	Value-added (\$)	Employment (annual FTE)
Direct impact	24.3	10.4	195
Industrial impact	10.4	4.0	32
Consumption impact	5.5	2.0	31
Total impact on Lithgow economy	40.2	16.4	258

Source: National Institute of Economic and Industry Research (NIEIR) 2016. Compiled in *economy.id*

Impact on output

The direct addition of \$24.3 million annual output in the tourism sector of Lithgow City economy (accommodation and food services) would lead to an increase in indirect demand for intermediate goods and services across related industry sectors. These indirect industrial impacts (Type 1) are estimated to be an additional \$10.4 million in output. Further, there is an additional contribution through consumption effects as more wages and salaries are spent in the local economy. It is estimated that this would result in a further increase in output of \$5.5 million. The combination of all direct, industry and consumption effects would result in a total estimated rise in output of \$40.3 million in the Lithgow City economy.

¹⁰ <https://www.environment.nsw.gov.au/topics/parks-reserves-and-protected-areas/establishing-new-parks-and-protected-areas/acquiring-land-for-new-parks/assessing-community-benefit>

Impact on value-added

The impact of an additional of \$24.3 million annual output to the local economy as a result of the new protected area leads to a corresponding direct increase in value added of \$10.4 million. A further \$4.0 million in value added is generated from related intermediate industries. There is an additional contribution to the Lithgow City economy through consumption effects as correspondingly more wages and salaries are spent in the local economy for an estimated further increase in value added of \$2.0 million.

The combination of all direct, industry and consumption effects would result in an estimated addition in value added of \$16.4 million in the Lithgow City economy.

Impact on employment (jobs, 12mth FTE)

The employment impact of the New SCA on the local economy is expressed in Full Time Equivalent (FTE) jobs. The total impact on employment is an added 258 jobs. This includes full-time positions as well as the equivalent for part-time, or temporary positions. For example, the SCA may generate 4 weeks of full time work for 13 people in holiday discovery ranger work (52 weeks of full time work in total),

The combination of all direct, industry and consumption effects of adding \$24.3 million annual output to the Lithgow economy would result in an estimated increase of 258 **FTE jobs** located in Lithgow City LGA.

Source: National Institute of Economic and Industry Research (NIEIR) 2016. Compiled in [economy.id](#)

Important note

The projections provided here are conditional on visitation returning to normal patterns after the COVID-19 disruptions to travel. Currently there is no model to demonstrate how, or to what levels visitation will return to regional areas.



6.3 Sustainable planning considerations

The data suggests that Destination Pagoda could potentially attract an increasing number of visitors each year, growing at an average of 12% per annum. While it is possible to draw visitors from high volume tourist areas in the Blue Mountains, planners will need to take care that this is within the capacity of the park, and does not add pressure on fragile ecosystems. It should be noted that mature tourism destinations such as Katoomba have witnessed growth of up to 60% in one year from Sydney day trippers, putting pressure on public roads, parking and amenities. Similarly, planners should take into account the capacity of the local township, and local communities to provide the accommodation, interpretation, tours, dining and other tourist facilities needed by visitors. Future planning also should be cognizant of the needs and wishes of the Mingaan Wiradjuri people, and other local communities.

Converting day visitors to overnight

An important outcome of this project could be the conversion of day trippers to overnight visitors, thus adding further economic benefits to the LGA. By adding a new nature attraction to the area, day visitors may be enticed to stay for longer in order to create a two or three day itinerary around seeing multiple parks in the area. Indeed Destination Pagoda in itself would offer nature-tourists a multi-day itinerary. Increasing overnight visitation provides obvious benefits for local businesses including accommodation, dining and retail among others.

Commercial partnerships

Overnight visitors may also be more likely to visit the destination if there was a commercial attraction providers such as TreeTops or Skywalks, to offer added attractions to compete for higher visitation (see Blue Gum Hills Regional Park, Orara East State Forest). Such recreational activities may be permitted if compatible with park values (DEC, 2009).

7] Summary of findings

In summary this research has shown the potential impacts of visitation to Destination Pagoda and the wider Lithgow City LGA, both in terms of its direct economic impact as well as its impact on tourism. The Lithgow LGA is already increasingly popular with nature-tourists from outside the LGA, with an average 12% annual increase in visitation. In 2019, Lithgow attracted approximately 257,000 visitors who undertook nature-based activities while in the area. This suggests a substantial potential market for the proposed State Conservation Area from nature-based visitors who are already in the LGA.

Based on assessment of other similar protected areas, the addition of a new and iconic nature-based attraction in Destination Pagoda could potentially add 60,000 new visitors in the first year– or approximately 8% to the total visitation in Lithgow LGA. While yearly increases vary dramatically in existing National Park data, it is estimated that new visitors could increase by 12% per year to 166,000 over ten years.

Analysis of the economic impact of new visitors to the LGA has determined that Destination Pagoda has the potential to contribute approximately \$25.3 million in direct expenditure and a further \$15.9 million to the local economy through industrial and consumption effects, for a total of \$40.2 million. In total this economic activity would create an added 258 FTE jobs to the local economy after 10 years.

The clear majority of tourists to Destination Pagoda will be on a day trip, with an estimated 30% on longer stays. However, it possible that the addition of iconic pagoda experiences has the potential to extend, or convert, current day visits to overnight visits, thereby further improving the economic yield from visitors.

The attraction of existing and new visitors to the area will depend on providing experiences and products which meet the needs of visitors including walking tracks, and relevant facilities for day visitors (information, amenities and parking etc). However success will also depend on effective promotion and marketing to the market segments described in this report, similar to those found currently in other parts of the Blue Mountains National Park.

In summary, this report has shown the potential for visitation to the proposed Destination Pagoda over the next ten years is high given the numbers of current growth in nature-based visitors to the Lithgow LGA and the potential for new visitors to the area.



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AUTHOR PROFILE

Dr Jo Mackellar is an independent research consultant, based in regional Australia. Following 20 years in tourism and hospitality industries, Jo completed her PhD in 2009, and has since grown her consultancy business to meet the research needs of universities, government agencies, event managers and local communities.

Her company, Destination Research & Development, has undertaken consumer, economic and social research projects in Australia and overseas which have successfully informed the development of local government strategy, funding applications and tourism strategies.

Contact details:

Jo Mackellar

Destination Research & Development

PO Box 7077. East Ballina. NSW

ABN: 21635598922

destination.research@yahoo.com



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