

# NEW CENTRAL WEST NATIONAL PARKS – ECONOMIC ASSESSMENT

In March 2017 the Victorian Government requested the Victorian Environment Assessment Council (VEAC) to carry out an investigation into public land in the central west of Victoria, including the Wombat, Wellsford, Mount Cole and Pyrenees Range forests

The final VEAC Investigation recommendations propose an increase in protected areas (national park, conservation park, nature reserve, bushland reserve, heritage river), as well as significant areas of regional park.

The recommendations also provide a framework to:

- strengthen recognition of the role, cultural values and aspirations of Traditional Owners in public land use and management
- cater for increasing recreational use in a way that minimises conflicts between uses and protects the natural values on which they depend
- protect key areas for threatened species conservation
- improve landscape connectivity, the protection of key headwaters, and buffer the effects of climate change.



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## ECONOMIC ASSESSMENT

The VNPA have commissioned economic consultants Sayers Advisory to develop an economic assessment which provides options to deliver the recommendations by VEAC.

In all scenarios the Benefit Cost Ratio is above 1, even without including the benefits of stored forest carbon (estimated at between \$450 million and \$600 million when applying the current market price).

The area is made up of three (3) separate blocks, Mount Cole-Pyrenees, Wellsford and Wombat-Macedon. The total area is 403,815 ha of which 40 per cent is public land. In all scenarios the proposal seeks to:

- implement a land use change to covert 58,501 ha of state forest into bushland, conservation or national park
- provide significant carbon storage and climate benefits
- help protect an additional 370 fauna species from damaging activities
- improve visitor access
- provide upgrade to camp grounds and five (5) new camp-grounds and improvements to walking tracks to increase public benefit & use.

Two of the options also support the key recommendation of provisioning for an Indigenous Joint Management board and additional Indigenous Park Rangers.

The basic park upgrade, option one – is the minimal viable product which seeks to address many of the recommendations from the VEAC investigation. It is the lowest cost option but does not address the recommendation of recognising the value and aspirations of the Traditional owners in management of area or enhanced ecological management.

The middle option, option two – incorporates basic upgrades only as allowed for in option one and provides a joint management board and the inclusion of additional indigenous park rangers and Joint Management Planning.

The third option, optimised implementation – incorporates option one and provides for Indigenous Joint Management and enhanced ecological management and visitor services.

## RESULTS

The results are indicative of project viability, bearing in mind the limitations in data collection, including the fineness and contemporariness of data used within the economic assessment.

- Option 1 Basic Upgrade: The Benefit Cost Ratio (BCR) of 4.8:1 above shows that for every \$1 invested there is a potential return of \$4.80 at the societal level.
- Option 2 Basic Upgrade + Indigenous Joint Management: The Benefit Cost Ratio (BCR) of 3.2:1 shows that for every \$1 invested there is a potential return of \$3.20 at the societal level
- Option 3 Optimised Implementation: The Benefit Cost Ratio (BCR) of 2.3:1 shows that for every \$1 invested there is a potential return of \$2.30 at the societal level.

The recommendation is to adopt the Optimised Implementation Option 3, so all benefits identified by VEAC are achieved and maximum public, social and environmental benefits are realised.

**THE RECOMMENDATION IS TO ADOPT THE OPTIMISED IMPLEMENTATION OPTION 3, SO ALL BENEFITS IDENTIFIED BY VEAC ARE ACHIEVED AND MAXIMUM PUBLIC, SOCIAL AND ENVIRONMENTAL BENEFITS ARE REALISED.**

The economic assessment undertaken by Sayers demonstrates that all options result in a Benefits Cost Ratio (BCR) greater than 1.

Meaning all options produce greater net benefits than they cost. Our recommended option three – has a BCR of 2.3. Option two, has a BCR of 3.2 and Option one 4.8.

**The preferred or optimised model requires an initial investment of around \$16.8 million and on-going funding of around \$5.1 million (total \$68.7 million Present Value over 30 years, + discounting).**

### Features of the combined Optimised Implementation option 3 include:

- Upgrades of the three main walking tracks the Lerderberg Track (89 kilometres) in Wombat Forest, Beeripmo Track (20.6 kilometres) at Mt Cole and the Endurance Trail (23.5 kilometres) at the Pyrenees, more than 133 additional kilometres in total. Includes design, construction and installation of small number foot bridges at key locations
- Upgrading nine existing camp grounds and five new camp grounds across the investigation areas including a mid-level upgrade of four of these sites
- Production and installation of signage at key park entrances and more design construction and installation of detailed interpretation signs at select areas
- Picnic area upgrades at existing sites plus new six new sites (some in conjunction with camp grounds or upgrade of existing informal picnic areas)
- Funding for on-going governance and management structure such Land Management Boards
- Planning and Assessments - Boundary surveys, cultural heritage assessment and park planning with in-house support from Park Victoria all need to be done as park of park establishment, plus development of indigenous joint management plan
- Regional development and marketing and interpretation signage around cultural and ecological values
- Resources for management of cultural as well as ecological values and sites
- New staff/ Rangers including a team of 15 staff including a base team of 11 made up of team leaders, rangers, community engagement staff and an additional program manager to manage community fire wood collection in regional parks, plus three additional Indigenous Rangers (though assume some of base team should be Indigenous) and an additional biodiversity program coordinator
- Upgrades to existing depots and an additional depot and boundary fencing as required between parks and private land
- Significant additional biodiversity program coordinator and enhanced best animal control and specific threatened species recovery program for five key species, including relevant ecological research
- Industry transitional and adjustment package based on Victorian Government Forestry Plan.

## POTENTIAL ADDITIONAL CARBON BENEFITS

The benefits of stored forest carbon in new protected areas were also calculated, based on Victorian government data. If the analysis incorporated a carbon price of \$12/tonne (\$456 million) or \$16/tonne (\$608 million) it would have a significant beneficial effect on Benefit Cost Ratios and project viability. The results demonstrate the potential for forest carbon, but have not been included in the final cost benefit analysis used in this study.

Whilst the assessment included current population forecast for Victoria, no allowance was made for the increase (or decrease) in park visitation relating to changed behaviour associated with COVID 19 use patterns or visitation increases around the creation of new national parks. This conservative approach does not capture the possible significant increase in park visitation, especially since the proposed park is in close proximity to a large metropolitan population.

Parks also provide significant additional ecosystem services, which can be monetised, such as Provisioning Services (clean water) and Regulating Services (water purification) and Climate Regulation. These have not been calculated as part of this study, but should be subject to further investigation.

**IT IS RECOMMENDED THAT THE VICTORIAN GOVERNMENT MOVE TO FULLY ACCEPT AND IMPLEMENT THE VEAC RECOMMENDATIONS FOR NEW NATIONAL PARKS AND CONSERVATION AREAS IN THE CENTRAL WEST IN FULL.**

## RECOMMENDATIONS

### It is recommended that:

The Victorian Government move to fully accept and implement the VEAC recommendations for new national parks and conservation areas in the central west in full. The Victorian Government, on acceptance of this recommendation move to implement Option 3 as assessed in this report, which delivers on all of the recommendations.

Further consideration be given to:

- if needed, timelines for the Victoria Forestry Plan, to phase out native forest logging by 2030, should be brought forward in the central west and forest industry adjustment and transition packages be commenced as soon as possible
- firewood harvesting for domestic and private use be considered in more detail including options for heating, gas connection, renewable (e.g. solar) and small scale plantation firewood policy to generate environmentally sound outcomes, while domestic fire wood is phased out over the next decade
- the collection and publication of park and state forest usage data is improved to include detail visitation and public use information ideally at park or forest level via regular surveys.

Figure One: Options considered within the New Central Parks West Economic Assessment



## KEY MESSAGES

- New economic modelling shows that new national parks and conservation areas are not just good for the nature and the environment, but also have great outcomes for the public and makes good economic sense.
- An independent economic assessment of new national parks for Victoria's central west, shows that investing in these new parks will return between four times to double the economic return on investment.
- The economic assessment undertaken by Sayers Advisory demonstrates that all three national park implementation options assessed result in a Benefit Cost Ratio (BCR) greater than 1. Meaning all options produce greater net benefits than they cost. Of the three scenarios assessed the BCRs ranged between 4.8:1 to 2.31 that is for every \$1 invested there is a potential return of \$4.80 to \$2.30 at the societal level.
- The Optimised Implementation option incorporating an enhanced ecological management, Joint Indigenous management and visitor infrastructure upgrade is recommended as the Preferred Option. This ensures all benefits identified by the expert Victorian Environmental Assessment Council (VEAC) are achieved, and maximum public, social and environmental benefits are realised.  
**The Preferred Option has a BCR of 2.3:1, that is for every \$1 invested there is a potential return of \$2.30 at the societal level.**
- The national parks are all within approximately 1½ hours of metropolitan Melbourne, so support an active outdoor lifestyle for residents and regional tourism.
- The addition of areas international parks adds to the attraction of Victoria as a visitor destination.
- In implementing new parks the economic benefits far outweigh the costs, even without including the benefits of stored forest carbon (estimated at between \$450 million and \$600 million when applying the current market price).

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- These new parks will protect wildlife, create economic opportunities, facilitate joint management with Traditional Owner in regional Victoria and accelerate the post-covid recovery.
- Traditional owner joint management (the management of national parks and natural areas jointly between land managers and traditional owners) has merit in both environmental, cultural and economic benefits, and was a key recommendation of the VEAC Central West Investigation which can be delivered when applying the right delivery model.
- There is an opportunity to immediately adopt and progress the delivery of more than 58,000 hectares of national parks and conservation areas as well as regional parks to deliver on the governments priorities of delivering jobs, infrastructure and commitment to action on the climate change agenda as well as protection of native wildlife and natural areas.
- These new parks would protect threatened species such as the Greater Glider, Powerful Owl and Mount Cole Grevillea, as well as over 300 other threatened species in which these areas are significant for at a state-wide level.

**THESE NEW PARKS WILL PROTECT WILDLIFE, CREATE ECONOMIC OPPORTUNITIES, FACILITATE JOINT MANAGEMENT WITH TRADITIONAL OWNER IN REGIONAL VICTORIA AND ACCELERATE THE POST-COVID RECOVERY.**

## FURTHER INFORMATION

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