How to measure the recreational value of Gold Coast’s beaches?

Every year the Gold Coast City Council invests more than $10 million in the management of the ocean beaches and foreshores. The size of this investment, in addition to the global reputation and the use of beaches to market the Gold Coast as a tourism destination, highlights the significant social and economic value of the beaches. Measuring the value of the Gold Coast’s beaches can help inform coastal management decision-making and support current and future investments in beach management by all levels of government.

How is the value of Gold Coast beaches measured?

From roads to bridges, hospitals to beaches, when governments need to make investments to manage assets it’s important that they have an indication of their value. Generally, to find the value of something we use information that comes from past transactions conducted within markets. When we want to know the value of land we look to the real estate markets and for company shares we look at the stock market.

As there is no market for beach recreation, economists can estimate these values using non-market methods. The travel cost method is one approach that can be used to value beach recreation based on the community’s willingness to pay for the experience.

The travel cost method is based on two important considerations. The first is that when people spend their time or money they expect to receive something of equal or greater value in return. The second consideration, which has been demonstrated through numerous studies, is that the amount of visits an individual makes to the beach will decrease as the costs increase.

Figure 1. Using Travel Cost to Estimate Beach Recreation Values

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Gold Coast City Council
Gold Coast beach recreation values

In 2008, 8000 surveys were distributed throughout the city, which over 1800 residents responded to. From the results identified about beach use behaviours, further economic simulations were investigated to estimate the value or consumer surplus of beach recreation. Using the Travel Cost method, the total annual value of beach recreation of Gold Coast residents was found to be between $244 million and $365 million (2008 dollars). Table 1 details the data, which supports this estimate.

Table 1. Gold Coast Resident 2008 Beach Visitation Data

<table>
<thead>
<tr>
<th>Consumer Surplus</th>
<th>Gold Coast resident average beach visits per month</th>
<th>Residents who don’t use the beach</th>
<th>Total annual beach visits by Gold Coast residents</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.28 to $10.44</td>
<td>10</td>
<td>6</td>
<td>13%</td>
</tr>
<tr>
<td></td>
<td>Summertime</td>
<td>Winter</td>
<td>35,000,000</td>
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Expenditure

An alternative evaluation of beach recreation is to measure the expenditure associated with an activity. Using the same data, it was found the average expenditure of a Gold Coast resident making a trip to the beach across a series of categories was $6.66 (2008 dollars). Figure 2 shows the average expenditure for a beach visit by Gold Coast residents.

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