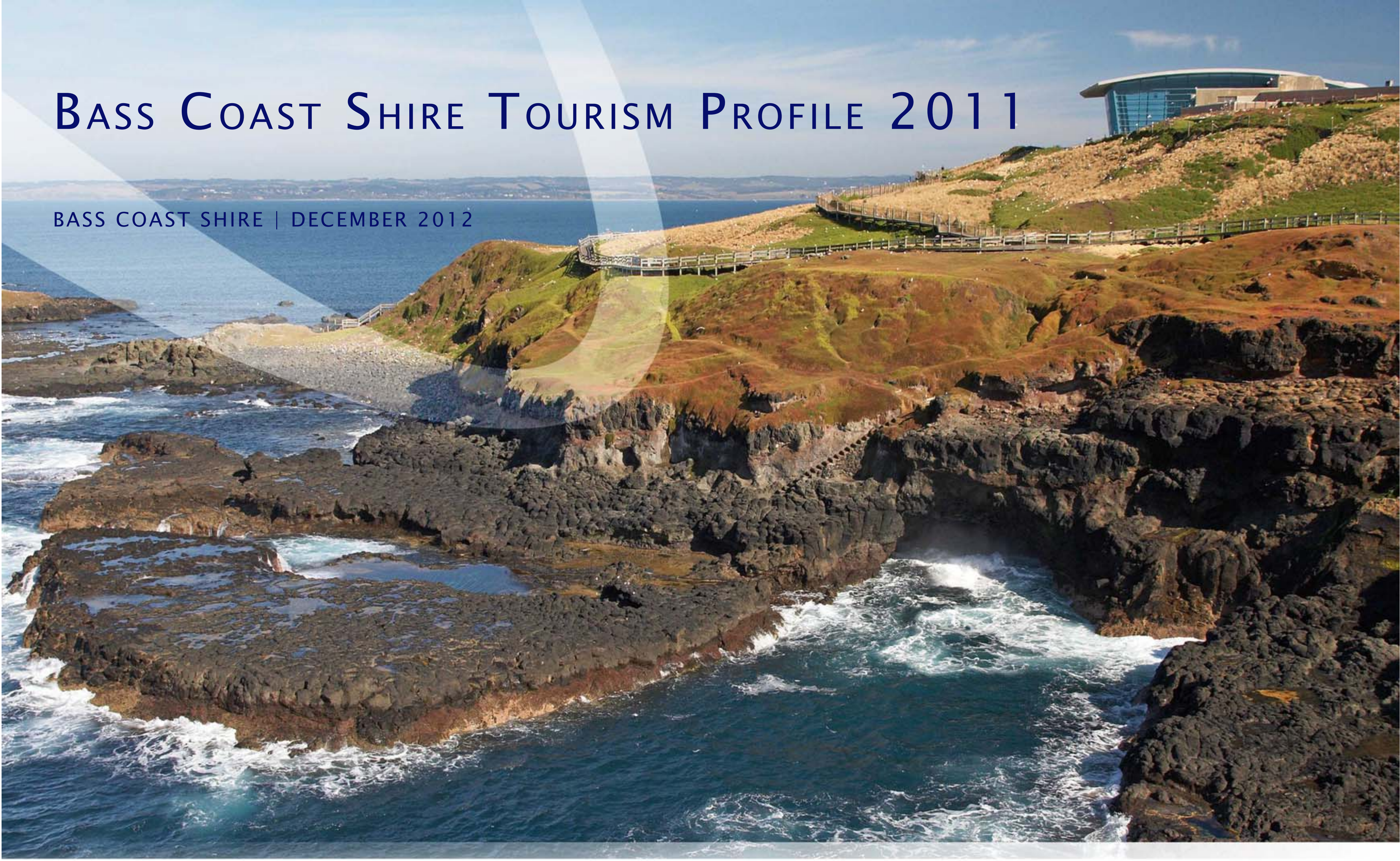
Bass Coast Shire Tourism Profile 2011

BASS COAST SHIRE | DECEMBER 2012



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URBAN PLANNING · LAND ECONOMICS · TOURISM PLANNING

URBAN ENTERPRISE
389 ST GEORGES RD NORTH FITZROY 3065 VIC
PH (03) 9482 3888 | FAX (03) 9482 3933
www.urbanenterprise.com.au

Authors

Mike Ruzzene

Todd Ainsaar

Jo Jo Chen

Shashi Karunanethy

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Contents

EXECUTIVE SUMMARY 4

OVERVIEW OF TOURISM IN BASS COAST SHIRE 4

BACKGROUND 4

ECONOMIC TRENDS 5

OVERNIGHT VISITORS 6

HEALTH OF TOURISM BUSINESSES 6

GLOSSARY OF TERMS AND DEFINITIONS 8

1. THE RESEARCH PROGRAM 9

1.1. BACKGROUND 9

1.2. METHODOLOGY 9

2. VISITATION AND ECONOMIC IMPACT 11

2.1. INTRODUCTION 11

2.2. VISITATION OVERVIEW 11

2.3. EXPENDITURE BY VISITORS 13

2.4. TREND ANALYSIS 14

2.5. TOTAL ECONOMIC IMPACT OF TOURISM TO BASS COAST SHIRE 2011 15

3. OVERNIGHT VISITOR SURVEY 16

3.1. BACKGROUND 16

3.2. METHODOLOGY 16

3.3. DEMOGRAPHICS 17

3.4. PURPOSE/MOTIVATION FOR VISIT 19

3.5. INFORMATION SOURCES 20

3.6. TRAVEL PARTY 21

3.7. ACCOMMODATION 22

3.8. EXPENDITURE 24

3.9. PREVIOUS/FUTURE VISITATION 24

3.10. TRANSPORTATION/NAVIGATION 26

3.11. CHARACTERISTICS 27

3.12. ACTIVITIES 28

4. TOURISM BUSINESS SURVEY 29

4.1. INTRODUCTION 29

4.2. METHODOLOGY 29

4.3. EMPLOYMENT 33

4.4. CAPITAL INVESTMENT 37

4.5. GROSS BUSINESS INCOME 42

4.6. EXPECTED BUSINESS INCOME FOR 2012 43

4.7. MARKETS 45

4.8. ACCOMMODATION 52

4.9. TOURISM ASSOCIATIONS 55

4.10. CURRENT ISSUES 57

APPENDIX A 59

INPUT-OUTPUT MODEL 59

Executive Summary

Overview of Tourism in Bass Coast Shire

	BASS COAST TOURISM INDUSTRY				
	visitors per annum	overnight visitors per annum	daytrip visitors per annum	Total Economic Impact of	local jobs supported by tourism
2011	3.7 million	2.1 million	1.6 million	$1 billion	3,228
2009	3.0 million	1.9 million	1.1 million	$0.8 billion	2,554

Bass Coast Shire attracted 3.7 million visitors in 2011, of which 2.1 million were overnight visitors and 1.6 million were daytrip visitors. The updated PAVE model methodology estimates that visitation to Bass Coast Shire has grown from 3.1 million visitors in 2009 to 3.7 million visitors in 2012.

Background

Urban Enterprise was commissioned by Bass Coast Shire Council to provide a comprehensive assessment of tourism indicators in the Bass Coast Shire for the 2011 calendar year.

Urban Enterprise was previously commissioned to undertake tourism economic profiles for Bass Coast Shire in 2005 and 2009. The following report utilises an updated methodology to estimate visitation and economic impact, accounting for new and localised tourism and economic data relating to the Bass Coast Shire and new economic impact modelling prepared by Urban Enterprise. To allow for a comparative trend analysis, the following report provides an update of economic indicators for the years 2005 and 2009 using the new methodology described above. These historical data sets have been compared with data prepared for 2011.

The study comprises three areas of research:

- An economic impact assessment of tourism including estimates of visitation, expenditure impacts and jobs in tourism;
- A survey and profile of tourism business in Bass Coast Shire; and
- A survey of overnight tourism visitors to Bass Coast Shire.

Urban Enterprise acknowledges the assistance provided by Bass Coast Shire Council in distributing surveys to visitors and tourism businesses.

This report has been prepared to present a holistic representation of visitation to the Bass Coast Shire. Relying on traditional data sources such as the Australian Bureau of Statistics and Tourism Research Australia (TRA) data in isolation does not provide insight into local trends and can be limiting due to the following factors:

- International Visitor Survey and National Visitor Survey (Tourism Research Australia) data does not capture visitation for persons 14 years and under;
- International Visitor Survey data substantially underestimates visitation to Victoria's regions. This has been demonstrated by assessing visitation to Phillip Island Nature Park and making comparisons to estimates provided by TRA.
- National Visitor Survey data substantially underestimates the impact of the holiday home sector, particularly for Bass Coast Shire which has considerable holiday home visitation; and
- Australian Bureau of Statistics Survey of Tourist Accommodation data does not provide data for the number of commercial accommodation establishments under fifteen rooms.

The research utilises Urban Enterprises PAVE (Population and Visitor Estimator) model to calculate visitation to the Bass Coast Shire.

ECONOMIC TRENDS

Total economic impact of visitor and holiday home expenditure has grown from $0.8 billion in 2009 to $1 billion in 2011, driven by growth in visitor expenditure and expenditure on holiday homes (including capital investment and on-going maintenance).

As shown in the following table, the estimated number of direct tourism jobs is 2,037. In total, the tourism sector supports an estimated 3,228 full time equivalent jobs (including direct and indirect), accounting for approximately 28% of the total employment within the Bass Coast Shire in 2011.

Primary research regarding holiday home expenditure was not undertaken for the 2005 tourism report; as the data is unavailable, comparative economic analysis is not provided for 2005. However, as data is available for visitor expenditure, a comparative trend analysis is provided, depicted in the figure to the right.

The data shows that direct expenditure in tourism has grown substantially over the past 8 years, growing at more than 13% annually from 2005 onwards. This is likely to reflect the substantial growth in the number of holiday homes, tourism product, accommodation and attractions in the region over that period.

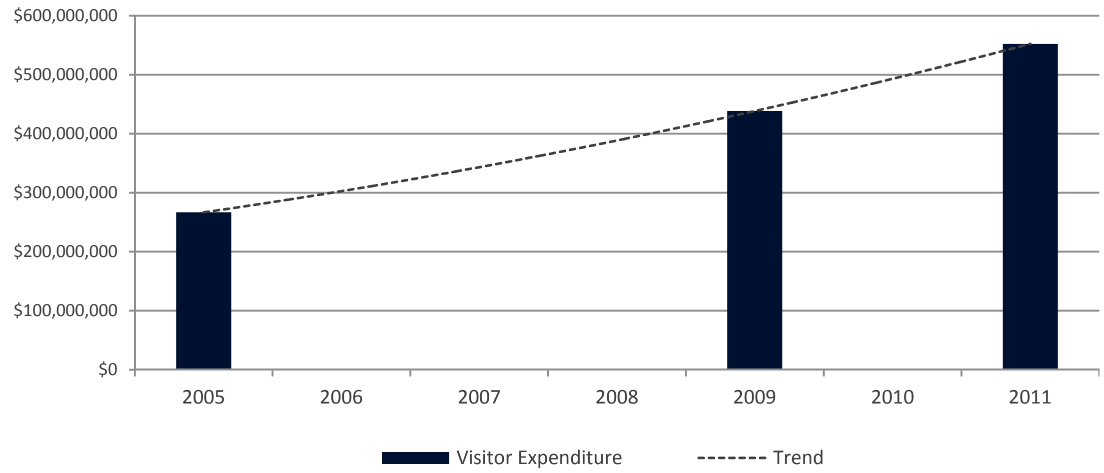
ECONOMIC IMPACT OF TOURISM IN BASS COAST 2009 AND 2011

	2009				2011			
	Direct	Indirect	Total Economic Impact	Jobs Impact	Direct	Indirect	Total Value Impact	Jobs Impact
Visitor Expenditure	$439 mil	$268 mil	$706 mil	2,206	$552 mil	$337 mil	$890 mil	2,778
Expenditure on Holiday Homes	$83 mil	$37 mil	$120 mil	348	$107 mil	$48 mil	$155 mil	450
Total	$521 mil	$305 mil	$826 mil	2,554	$659 mil	$385 mil	$1,045 mil	3,228

TOURISM EMPLOYMENT IN BASS COAST 2011

Bass Coast Shire	2011 Census - Total Number of Workers	Tourism Industry - Estimated Number of Workers	Number of Jobs supported by tourism industry supply chain	% of jobs supported by tourism expenditure
FTE Jobs	11,416	2,037	3,228	28%

DIRECT VISITOR EXPENDITURE 2005 – 2011



OVERNIGHT VISITORS

ORIGIN

Victoria remains the key market for overnight visitors to Bass Coast Shire, representing 64% of survey respondents. However, there was also a high representation of interstate visitors, particularly from New South Wales and Canberra. The key international markets recorded included the United Kingdom and Germany. Anecdotally visitors from Asia are arriving in large numbers to Phillip Island. These visitors are understated in the data as many are daytrippers and they due to language barriers for survey completion.

PURPOSE OF VISIT/INFORMATION SOURCE/NAVIGATION

The majority of visitors were motivated to visit by advertising and promotional materials on the internet, while the most common purpose of visit for respondents was for 'Holiday/Leisure/Getting Away' purposes.

Nearly 60% of overnight visitors to the Bass Coast Shire stated that they used a Visitor Information Centre; this figure represents a decline from surveys undertaken in 2009, which recorded over 70% of overnight visitors using a VIC.

Over the same period, Bass Coast Shire saw a corresponding increase in the internet as an information source; the data suggests that declines in VIC patronage may be due to the growing accessibility of information from online media and in particular the growth in smart phone use.

TRAVEL GROUP

The greatest proportion of overnight visitors were aged under 18 and the 35-54 age bracket, suggesting that the market mainly consists of family groups. Data indicates that family groups consist of 42% of the market, followed by adult couples (34%).

The most common travel party visiting Bass Coast Shire was groups of two persons (37%) and four persons (23%), with an average travel group size of 3.73 persons.

ACCOMMODATION AND LENGTH OF STAY

The average length of stay to Bass Coast Shire was 3.1 nights in 2011/12. More than half of respondents indicate they stayed in Cowes.

The data indicates a growing trend in visitors staying in serviced apartments and self-contained units, from 22% of visitors in 2009 to 33% in 2012. The trend displaces rented houses/apartments/holiday flats as the highest utilised accommodation type in 2009. The data may reflect increasing levels of commercial accommodation supply in the Bass Coast Shire.

Nearly half of respondents used an online booking website to book their accommodation; this figure represents an increase from 39% of overnight visitors in 2009. The region saw a corresponding decrease in accommodation bookings through VICs and accommodation establishments themselves, over the same period.

HEALTH OF TOURISM BUSINESSES

BUSINESS PERFORMANCE

As part of the Health of Tourism Survey, Bass Coast tourism businesses were asked a number of questions relating to their business performance. This was measured in terms of employment and income growth and projections.

During the 2011 calendar year 30% of businesses increased the number of staff employed, with 59% reporting that staff numbers remained the same. By contrast 11% of businesses reported a decrease in staff. When compared to surrounding regions, Bass Coast Shire saw a higher proportion of businesses reporting employment increases compared to Mornington Peninsula (23%) and Gippsland Region as a whole (23%).

In terms of business income, 72% of businesses reported an increase, 7% reported no change and 22% reported a decrease in business income. Bass Coast Shire saw a higher proportion of business reporting increases in income compared to Mornington Peninsula (66%) and Gippsland Region as a whole (57%).

VISITOR MARKETS

75% of tourism business revenue is sourced from tourism visitor expenditure, with the remaining 25% sourced from local resident expenditure.

Of the tourism market, Metropolitan Melbourne makes up 56% of customers to tourism businesses in Bass Coast Shire. International and interstate visitors make up 16% and 11% respectively, with the remainder being customers from regional Victoria.

Overall, tourism businesses across all sectors depend on local customers for additional revenue streams. Restaurants, galleries/antiques/art and craft businesses are found to be highly reliant on local customers. Conversely, accommodation, tours/activities and golf establishments are more reliant on visitors to Bass Coast Shire than other tourism sectors.

Across all business sectors, the Metropolitan Melbourne market represented the main source of tourism expenditure and income. Interstate visitation was more important for accommodation and galleries/antiques/arts establishments, while the attraction businesses are heavily reliant on international visitor patronage.

CAPITAL INVESTMENT

An estimated $33 million was invested by Bass Coast tourism businesses in 2011. Businesses expect to invest over $17 million in 2012.

The Attractions sector provided the greatest proportion of capital investment, with over $17 million spent in 2011. Over 47% of capital investment has been attributed to expenditure on new buildings, followed by renovations/extensions (10%), fittings/furnishings (10%) and vehicles/boats (10%).

BARRIERS TO INVESTMENT AND GROWTH IN VISITATION

Despite positive trends in capital expenditure, businesses highlighted a number of barriers to further investment in Bass Coast Shire. These include seasonality issues, lower visitor demand and increasing labour costs.

Furthermore, businesses identified a number of trends that may be limiting tourism visitor growth to the Shire, including changes in domestic consumer spending behaviours and poor quality of infrastructure.

GLOSSARY OF TERMS AND DEFINITIONS

Business income – Refers to all revenue generated in the business.

Capital investment - refers to all expenditure in a business that relates to acquisition of additional land, buildings and/or plant and equipment used at some level in the operation of business.

Employment – Refers to all full time, part time and casual employees in a business including the business owner/operator unless specified.

Median – The number in the middle of a set of numbers; that is, half the numbers have values that are greater than the median, and half have values that are less.

PAVE – Population and Visitor Estimator - A model developed by Urban Enterprise which estimated visitation to small areas.

Tourism industry – refers to all businesses that consider themselves tourism businesses and appear on the Bass Coast Shire tourism database.

Tourism sector – Refers to the category of tourism businesses, namely Accommodation, Antiques/Galleries/Art & Craft, Attractions, Events, Golf, Restaurants, Tours and Activities, Wineries, and Other - any other business that cannot be categorized into the tourism sectors listed previously.

VIC – Visitor Information Centre.

1. The Research Program

1.1. BACKGROUND

In 2012, Bass Coast Shire Council engaged Urban Enterprise to undertake a Tourism Research Program for 2011 and update the 2009 Tourism Economic Impact Study. The research modules for 2011 include the following:

- Internet based visitor survey: An online survey of past visitors to Bass Coast Shire during 2011 and 2012.
- Tourism business and accommodation survey: An online survey that aims to collect business data from local tourism businesses in Bass Coast Shire. Results will be compared with the Mornington Peninsula Tourism and Destination Gippsland tourism business surveys for the 2011 Calendar year where appropriate.
- Incorporate the survey results into an update to the Population and Visitor Estimates for Bass Coast (PAVE) and an update of the Economic Impact of Tourism Report in 2009.

This report consists of three parts:

- Part 1 - Visitation and Economic Impact Assessment
- Part 2 - Visitor Survey
- Part 3 - Tourism Business Survey

1.2. METHODOLOGY

1.2.1. INTRODUCTION

The following report utilises updated economic and visitation methodology from previous work undertaken in 2005 and 2009. A new methodology has been employed to:

- Account for localised primary sourced data regarding visitation, expenditure and demographics of visitors to Bass Coast Shire; and
- Utilise new economic assumptions based on recent and up-to-date research on tourism industry value and employment multipliers.

The following report also provides an update of economic indicators of the 2005 and 2009 tourism reports using the new methodology described below to provide a comparative trend analysis for tourism in Bass Coast Shire.

1.2.2. EXTRAPOLATION METHOD FOR ECONOMIC IMPACT ASSESSMENT

This component of the study draws on primary and secondary research including:

- Population and Visitor Estimator (PAVE) model;
- Bass Coast Shire Holiday Home Owners Survey 2009, Gippsland Holiday Home Research 2012;
- Tourism Business Survey 2012;
- Overnight visitors survey 2012;
- Australian Bureau of Statistics (ABS) data; and,
- Tourism Satellite Accounts.

A summary of the methodology used to calculate the economic impact of tourism and the performance of the tourism sector in Bass Coast is outlined as follows.

NUMBER OF VISITORS (PAVE ASSESSMENT)

OVERNIGHT VISITORS

Overnight visitation to Bass Coast has been estimated by using Urban Enterprises PAVE model. The model uses a supply-based approach by applying visitation characteristics to accommodation supply, holiday homes and the visiting friends and relatives sector. Data sources for the analysis include:

- Accommodation supply estimates using the Survey of Tourism Accommodation, 2012 business survey results and an audit of accommodation;
- Visitor profile data from the National Visitor Survey: and,
- Holiday home visitation profile from the Bass Coast holiday home owners survey, undertaken as part of the 2009 research project and updated using the Gippsland 2012 Holiday Home Survey.

DAYTRIP VISITORS

Daytrip visitation has been calculated by using estimates provided by the National Visitor Survey, Tourism Research Australia and adjusted to account for persons under 14 years of age, so that the visitation estimate applies to all visitors. Information regarding age demographics are sourced from Australian Bureau of Statistics.

PUBLIC ACCOMMODATION

This includes hotels, motels, caravan parks and other accommodation providers that are openly bookable by members of the public.

PRIVATE ACCOMMODATION

Private accommodation is generally those staying with friends or family, or in holiday homes.

VISITOR EXPENDITURE

Visitor expenditure has been calculated by multiplying the number of daytrip and overnight visitors by the expenditure per visitor based on visitor research.

EMPLOYMENT SUPPORTED BY TOURISM EXPENDITURE

The total number of employees by industry has been estimated using ABS Census Data. The multiplier used to translate expenditure in to employment is based on the Tourism Satellite Accounts framework, which translates data for industries included in the Census to tourism estimates.

ECONOMIC IMPACT ASSESSMENT

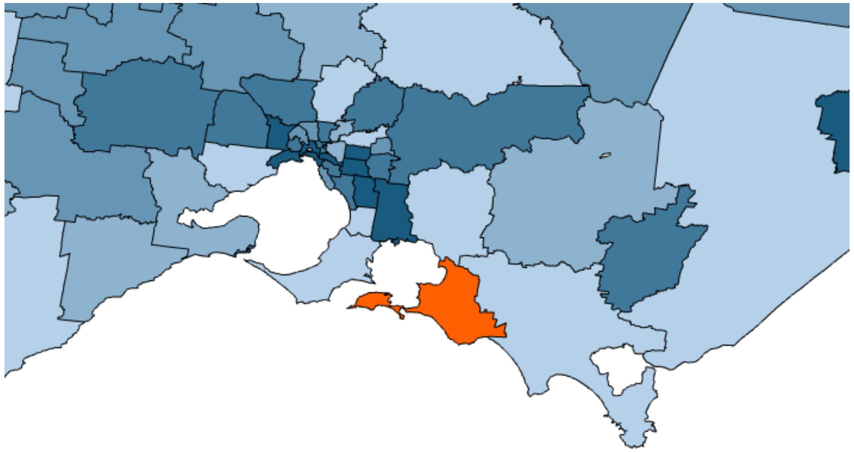
The Tourism Economic Impact has been calculated using an Augmented Flegg Input Output Model. Input-Output (I-O) analysis is a widely used technique for estimating the economic and employment impact of an industry or activity within a region. The Economic Impact Assessment examines the direct economic impact from visitors' expenditure and holiday home owners and the indirect economic impact of the expenditure. The indirect economic impact generated by tourism is the flow-on expenditure in to other industries in Bass Coast Shire. Refer to Appendix A for more detail.

2. Visitation and Economic Impact

2.1. Introduction

The following section includes an overview of visitation for 2011 to Bass Coast Shire, which uses the Urban Enterprise PAVE model. The diagram below highlights the Bass Coast Shire.

Figure 1 Bass Coast Shire



Source: communityindicators.net.au

2.2. Visitation Overview

Based on the PAVE model, there were an estimated 3.7 million visitors to Bass Coast Shire in 2011, shown in the following table. Approximately 60% of this visitation is attributed to overnight trips, with the remaining 40% to day trip visitation.

The data estimates that over 70% of overnight visitors (or 1.5 million visitors) stayed in holiday homes and 20% (or 580,000 visitors) stayed in paid accommodation.

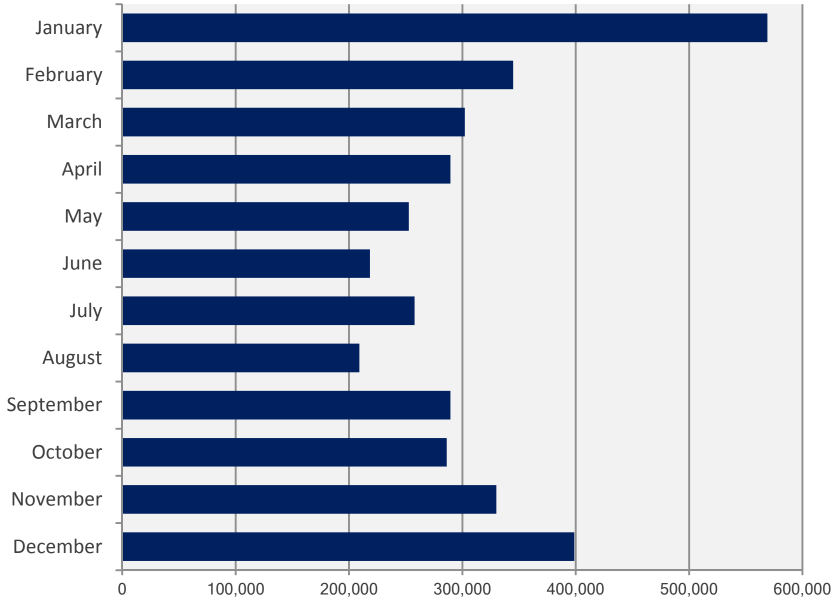
There has been significant increases in visitation as a result of new tourism product, infrastructure and holiday homes constructed in Bass Coast Shire since 2005.

	Bass Coast Shire		
ANNUAL VISITATION SUMMARY	2005	2009	2011
Number of visitors staying in Commercial Accommodation	188,649	414,390	434,528
Number of visitors staying in Caravan Parks	71,291	146,124	299,337
SUB TOTAL - Number of visitors staying in public accommodation	*259,940*	*560,514*	*579,777*
Number of visitors staying Holiday Homes	1,159,672	1,286,183	1,492,274
Number of visitors staying with Friends & Relatives	38,842	83,755	86,633
TOTAL Number of Overnight Visitors	**1,458,454**	**1,930,452**	**2,158,685**
TOTAL Number of Daytrip Visitors	**956,750**	**1,105,250**	**1,589,590**
TOTAL NUMBER OF VISITORS	**2,415,204**	**3,035,702**	**3,748,274**

Source: PAVE, Urban Enterprise, 2011

2.2.1. TOTAL VISITATION BY MONTH 2011

The following graph depicts the estimated total visitation by month to Bass Coast Shire. The peak visitation occurs in the summer months, with January receiving the greatest visitation (15% of annual visitation), followed by December. Visitation in the low season, in particular June and August, decreases by half from the peak periods.

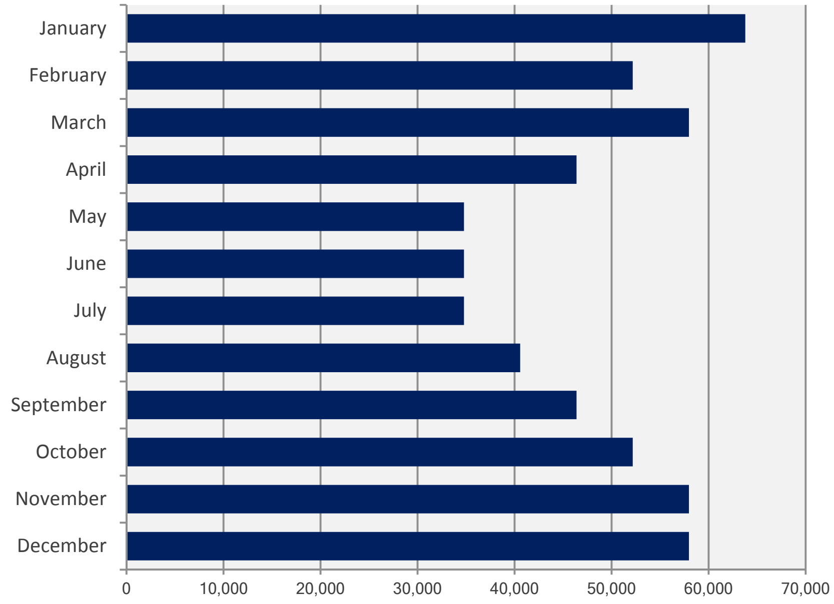


Source: PAVE, Urban Enterprise, 2012

2.2.2. VISITORS STAYING IN COMMERCIAL ACCOMMODATION BY MONTH 2011

The following graph shows the estimated monthly visitation for overnight visitors staying in paid accommodation in the Bass Coast Shire. This includes self-contained cottages, bed and breakfast, motels and caravan parks.

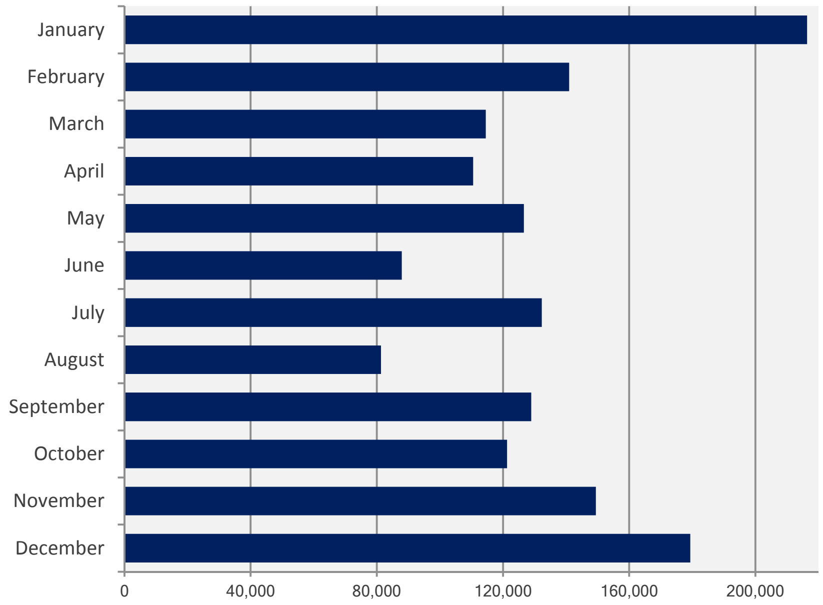
The month of January has the greatest level of visitation (11%), followed by December, March and November. The month of May, June and July has the lowest visitation levels.



Source: PAVE, Urban Enterprise, 2012

2.2.3. DAYTRIP VISITATION BY MONTH 2011

Daytrip visitation follows a similar pattern to commercial accommodation, with visitation peaking in December and January.



Source: PAVE, Urban Enterprise, 2012

2.3. EXPENDITURE BY VISITORS

2.3.1. DIRECT EXPENDITURE IMPACT

The table below outlines the estimated visitor expenditure in the Bass Coast Shire. Direct expenditure is estimated to be approximately $552 million, with $382 million attributed to overnight visitors and approximately $170 million attributed to daytrip visitors.

Direct expenditure has doubled in the period 2005 - 2011. This is the result of significant increases in commercial accommodation available and new holiday homes developed.

ANNUAL EXPENDITURE SUMMARY	Total Direct Visitor Expenditure in Bass Coast Shire		
	2005	2009	2011
Visitors staying in Commercial Accommodation	$49,048,740	$127,341,080	$134,703,586
Visitors staying in Caravan Parks	$10,045,132	$24,334,835	$50,288,616
SUB TOTAL- Visitors staying in Paid accommodation	*$59,093,872*	*$151,675,915*	*$184,992,202*
Visitors staying in Holiday Homes	$122,551,144	$160,646,357	$188,026,551
Visitors staying with Friends & Relatives	$3,550,875	$9,049,709	$9,443,035
TOTAL- Overnight Visitors	$185,195,891	$321,371,981	$382,461,788
TOTAL- Daytrip Visitors	$81,583,264	$117,167,459	$169,994,141
TOTAL DIRECT VISITOR EXPENDITURE	$266,779,155	$438,539,440	$552,455,929

2.3.2. INDIRECT EXPENDITURE IMPACT

Based on the direct expenditure figure of $552 million, the indirect expenditure amount is calculated at $337 million.

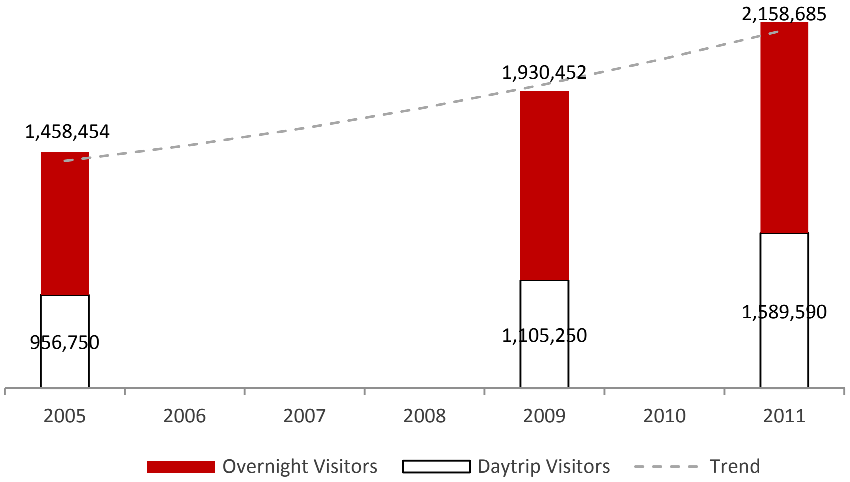
2.4. TREND ANALYSIS

The following trend analysis utilises visitation data sourced from Bass Coast Shire Economic Impact of Tourism 2005, Bass Coast Tourism Research and Economic Impact Study 2009 and 2012 PAVE estimations.

2.4.1. VISITATION TREND 2005–2011

The visitation estimations of the 2005 and 2009 reports have been aligned to new methodologies and assumptions utilised in the Urban Enterprise PAVE 2012 model. In particular, day trip visitor estimations methodologies have been modified to conservative estimations sourced from the Tourism Research Australia National Visitor Survey database with adjustments for persons aged 14 years or younger. The following figure summarizes the trend in visitation between 2005 and 2012.

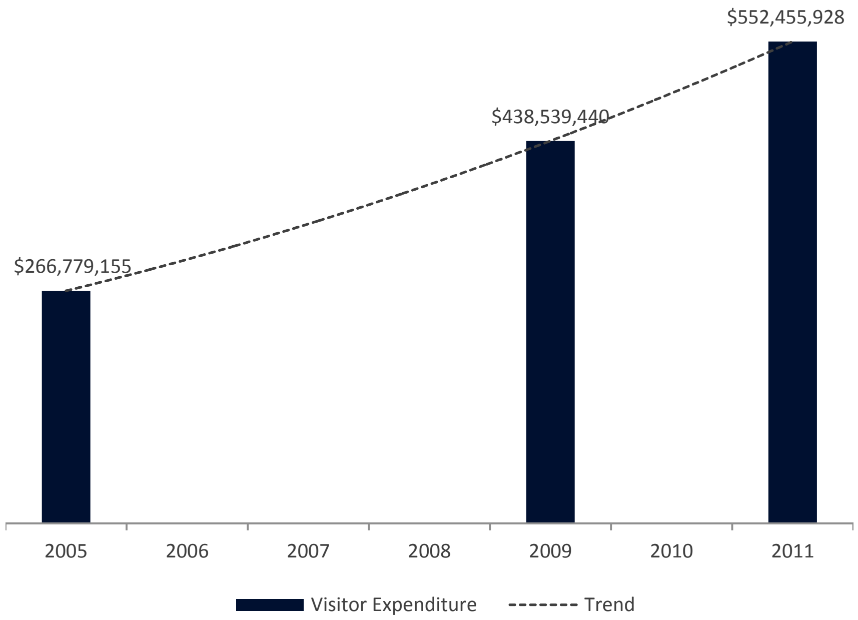
The PAVE model estimates that visitation to Bass Coast Shire has grown from 2.4 million visitors in 2005 to 3.7 million visitors in 2012. Growth has been led by substantial increases in both the daytrip and overnight visitor markets, which each grew respectively at 7.5% and 6.2% p.a over the time period.



2.4.2. DIRECT VISITOR EXPENDITURE TREND 2005–2011

The visitation estimations of the 2005 and 2009 reports have been aligned to new methodologies and assumptions utilised in the Urban Enterprise PAVE 2012 model; the previous estimations have been aligned to include expenditure assumptions for varying visitor markets (holiday home visitors, caravan park visitors, etc). The following figure summarizes the trend in visitation between 2005 and 2012.

Bass Coast Shire has grown from $267 million in visitor expenditure in 2005 to $438 million in 2009; the PAVE model estimates that growth in visitor expenditure has further increases since 2009, to $552 million in 2012.



2.5. TOTAL ECONOMIC IMPACT OF TOURISM TO BASS COAST SHIRE 2011

Total economic impact of tourist and holiday home expenditure has grown from $0.8 billion in 2009 to $1 billion in 2011, this supports 3229 jobs in Bass Coast Shire. As shown in the following table, the identified 3,228 full time equivalent jobs supported by tourism account for approximately 28% of the total employment within the Bass Coast Shire in 2011.

Research regarding holiday home expenditure was not undertaken for the 2005 tourism report; as the data is unavailable, comparative analysis was not undertaken for the 2005 period as expenditure on holiday homes was not calculated.

	Bass Coast Shire	Bass Coast Shire Tourism Industry - Estimated Number of Workers	Number of Jobs supported by tourism industry supply chain	% of jobs supported by tourism expenditure
FTE Jobs	11,416	2,037	3,228	28%

	2009				2011			
	Direct	Indirect	Total Value Impact	Jobs Impact	Direct	Indirect	Total Value Impact	Jobs Impact
Visitor Expenditure	$439 mil	$268 mil	$706 mil	2,206	$552 mil	$337 mil	$890 mil	2,778
Expenditure on Holiday Homes	$83 mil	$37 mil	$120 mil	348	$107 mil	$48 mil	$155 mil	450
Total	**$521 mil**	**$305 mil**	**$826 mil**	**2,554**	**$659 mil**	**$385 mil**	**$1,045 mil**	**3,228**

3. Overnight Visitor Survey

3.1. Background

This section of the report provides an overview of visitors to Bass Coast Shire in 2011/12. Results will be compared with the 2009 Bass Coast Shire visitor survey where appropriate.

3.2. Methodology

The online visitor survey questionnaire was prepared by Urban Enterprise using Survey Monkey for past visitors to the Bass Coast Shire during 2011 and 2012. The survey questionnaire is consistent with the previous survey and where appropriate trend data analysis between 2009 and 2012 has been provided. The online visitor survey aimed to collect data for the following:

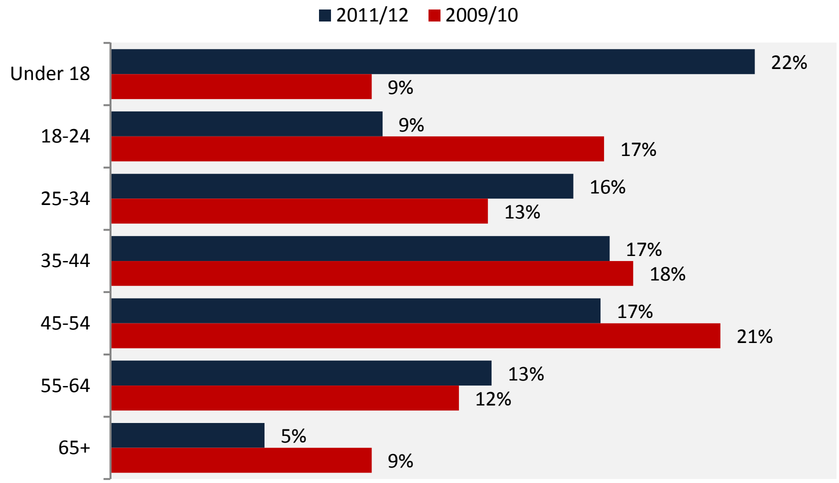
- Reason of visit;
- Influence of visit;
- Previous visit to the Shire;
- Travel party;
- Use of Visitor Information;
- Travel method;
- Overnight Stay;
- Accommodation booking methods and types;
- Number of nights stayed;
- Activities undertaken;
- Expenditure;
- Visitor perception;
- Towns visited in Mansfield Shire;
- Age group;
- Visitor origin; and
- Intention to revisit.

The online visitor survey was distributed to past visitors of Bass Coast Shire and responses were collected and compiled by Urban Enterprise.

3.3. DEMOGRAPHICS

3.3.1. AGE OF TRAVEL GROUPS

The greatest proportion of overnight visitors were those aged between 35-54 years in 2011/12. The proportion of overnight visitors in the 18-24 and 45-54 age brackets decreased significantly in 2011/12 when compared to 2009/10. The proportion of overnight visitors aged less than 18 years increased significantly from 9% in 2009/10 to 22% in 2011/12.

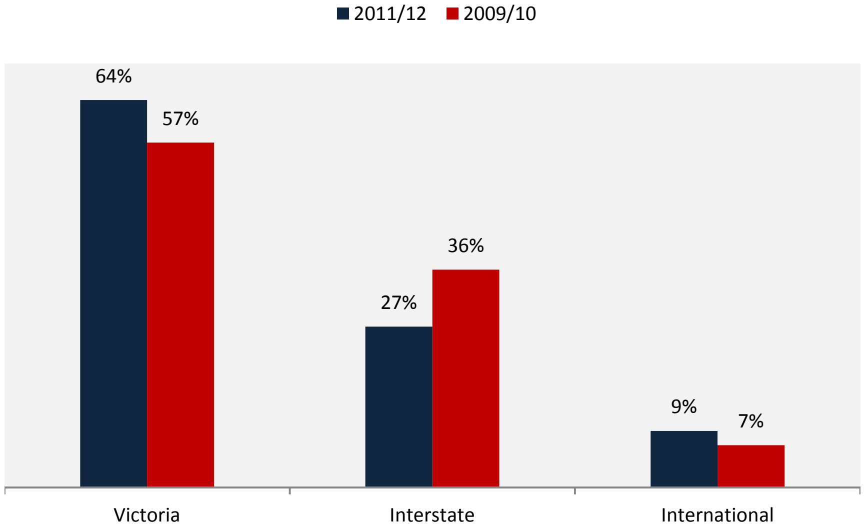


3.3.2. ORIGIN

VISITOR ORIGIN

In 2011/2012, 64% of the overnight survey respondents were domestic visitors, followed by 27% from interstate and 9% from overseas in 2011/12.

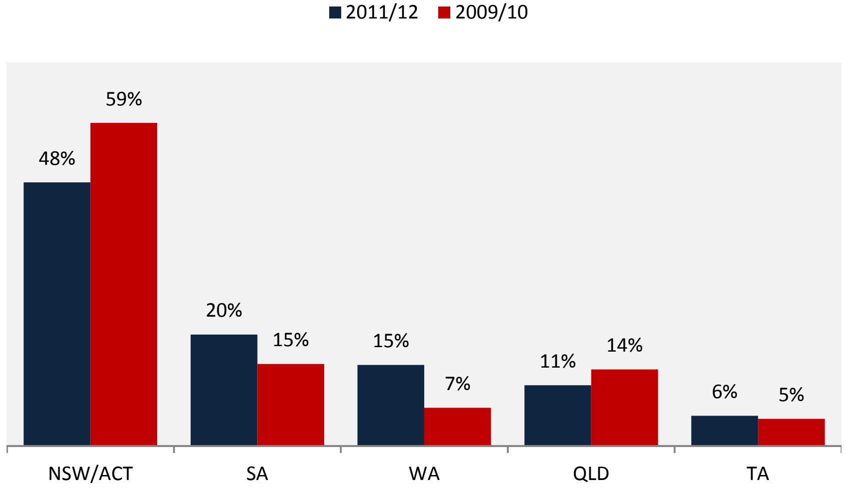
Compared to 2009/10, there has been a 10% increase in the proportion of intrastate overnight visitors and a 9% decrease in interstate visitors.



INTERSTATE ORIGIN

In 2011/12, nearly 60% of overnight interstate visitors originated from NSW/ACT, followed by SA (15% of interstate visitors).

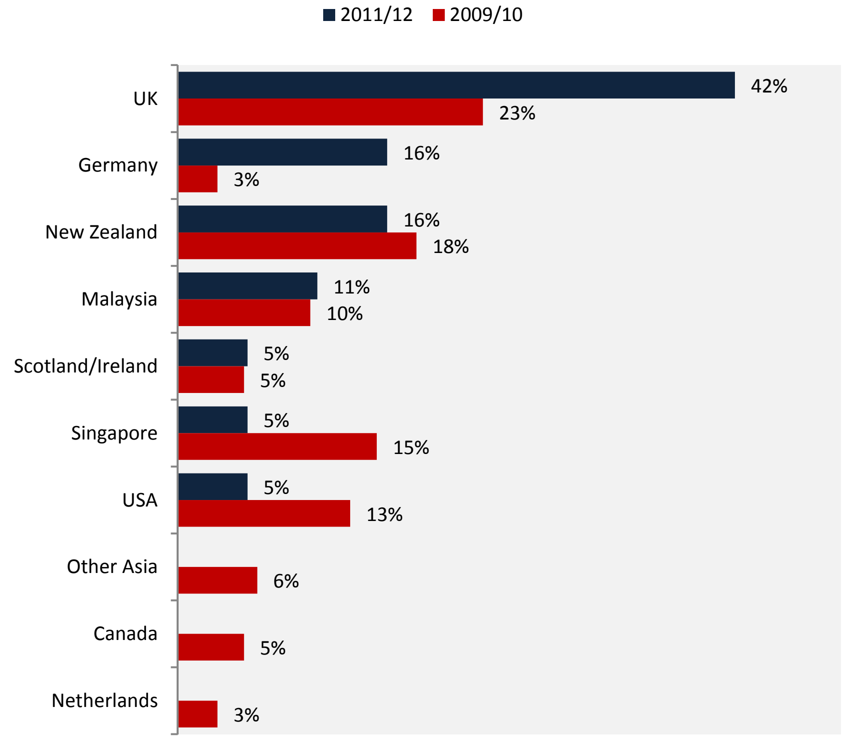
When compared to 2009/10, the data indicates a decrease in the proportion of visitors from NSW/ACT and QLD, with growth in the proportion of visitors from SA and WA.



INTERNATIONAL ORIGIN

The majority of international survey respondents were from UK, Germany and New Zealand in 2011/12.

There were significantly more overseas visitors from UK and Germany in 2011/12 when compared to 2009/10. However, there were less overseas visitors from Asian countries in 2011/12 than in 2009/10. It should be noted that the number of visitors from some Asian countries may be under represented due to language barriers.

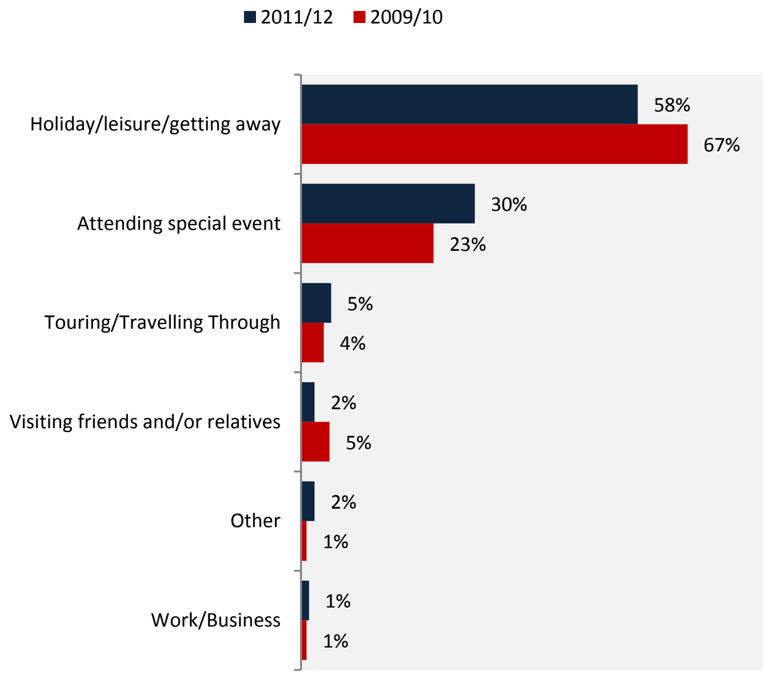


3.4. PURPOSE/MOTIVATION FOR VISIT

3.4.1. PURPOSE OF VISIT

The majority of overnight visitors to the Shire visited for holiday/leisure/getting away purposes in 2011/12, followed by attending special events.

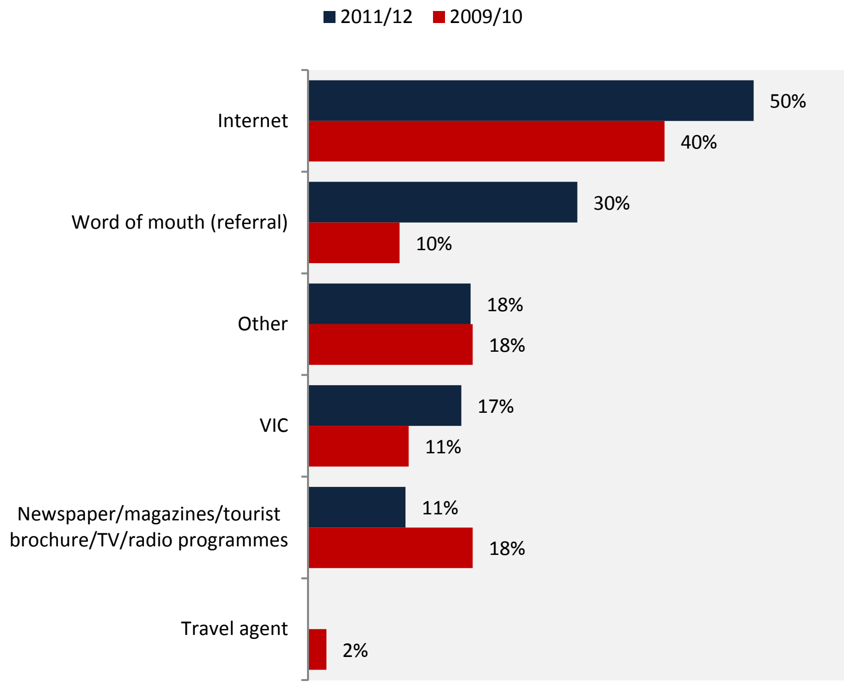
A higher proportion of overnight visitors travelled to Bass Coast Shire to attend a special event (primarily the Motorbike Grand Prix) in 2011/12 when compared to 2009/10.



3.4.2. MOTIVATION FOR VISIT

Half of overnight visitors were motivated to visit Bass Coast Shire by advertising and promotional materials on the internet in 2011/12, followed by word of mouth.

When compared to 2009/10, the data indicates an increase in the number of visitors motivated by the internet and word of mouth, with converse declines in the proportion of visitors motivated by print, television and radio media outlets.

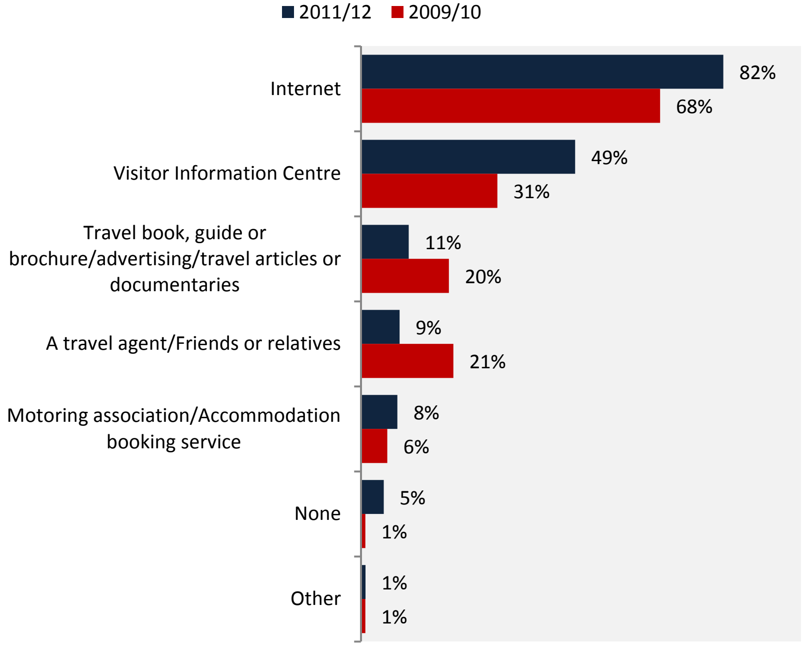


3.5. INFORMATION SOURCES

3.5.1. INFORMATION SOURCES UTILISED – BEFORE LEAVING HOME

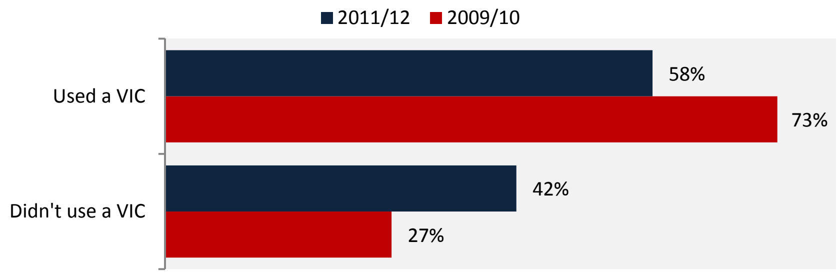
Before leaving home, 82% of overnight visitors used the internet to gain information about Bass Coast Shire, followed by 49% who used Visitor Information Centre (VIC) in 2011/12.

There were significantly more overnight visitors using the internet and VIC as their information sources when compared to 2009/10. The data highlights sustained growth in internet usage as the key resource for visitors.]

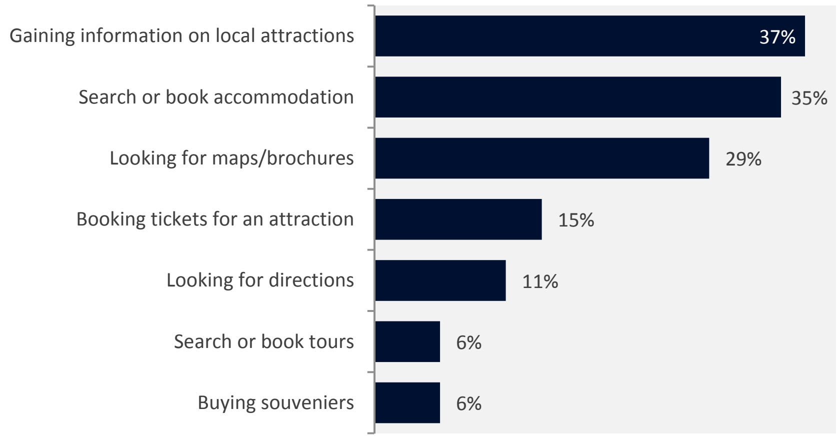


3.5.2. VISITOR INFORMATION CENTRE USED

58% of overnight visitors used a Visitor Information Centre (VIC) in 2011/12 whilst in Bass Coast Shire. This proportion decreased from 73% in 2009/10. The data corresponds with increasing uses of internet as the primary information sourced utilised, suggesting that declines in VIC patronage may be attributed to the growing accessibility and availability of information and media online.



Data analysis depicts that in 2011/12, the majority of overnight visitors used a VIC to gain information on local attractions (37%) and to search or book accommodation (35%).

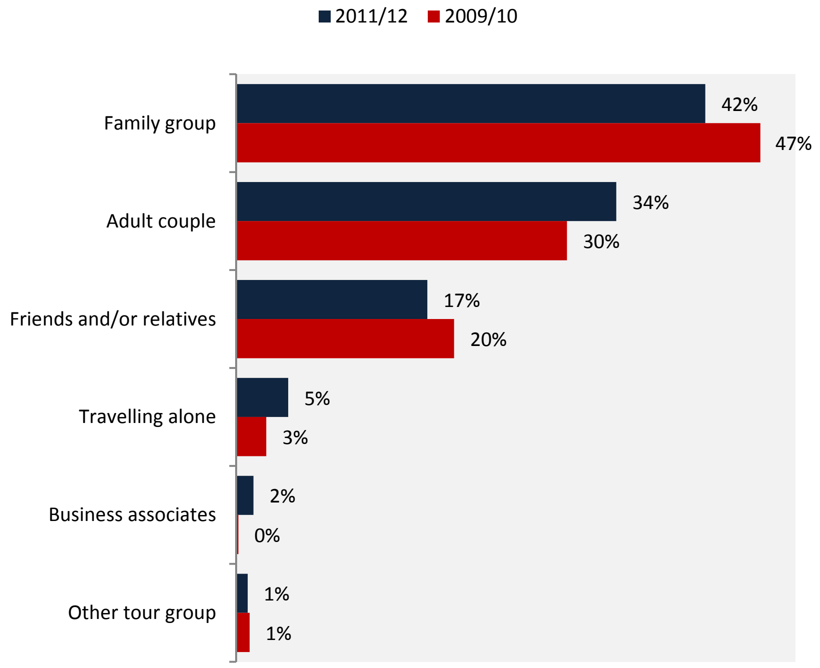


3.6. TRAVEL PARTY

3.6.1. TYPE OF TRAVEL PARTY

In 2011/12, the majority of travel parties visiting overnight to Bass Coast Shire were family groups (42%), followed by adult groups (34%).

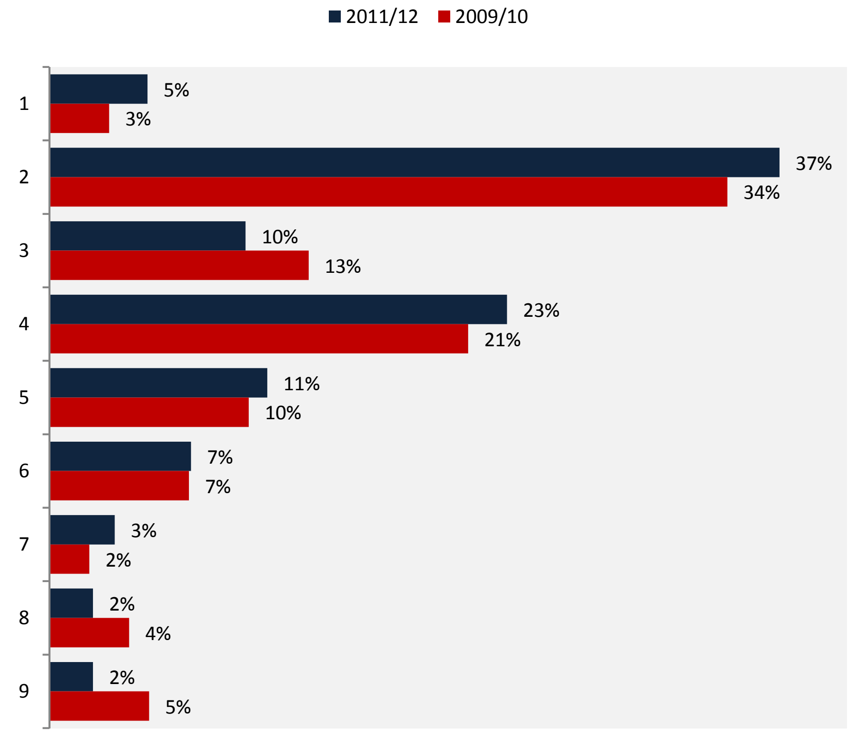
The proportions of larger travel parties such as 'family group' and 'friend and/or relatives' decreased slightly, while the proportions of smaller travel parties such as 'adult group' , 'travelling alone' and 'business associates' increased between 2009/10 and 2011/12.



3.6.2. NUMBER IN TRAVEL PARTY

The majority of travel parties visiting Bass Coast Shire overnight travelled in groups of two (37%) in 2011/12. The average size of a travel group for overnight visitors was 3.73 persons in 2011/12. When compared to 2009/10, overnight visitors travelling in groups of one, two, four and five increased slightly in 2011/12.

Overall the data indicates that the average size of a travel group did not change between 2009/10 and 2011/12.

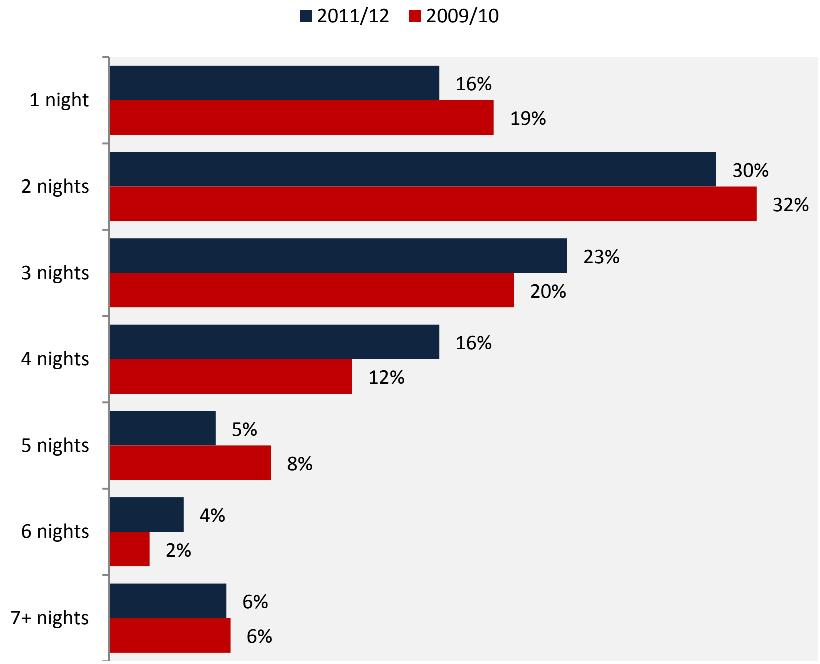


3.7. ACCOMMODATION

3.7.1. LENGTH OF STAY

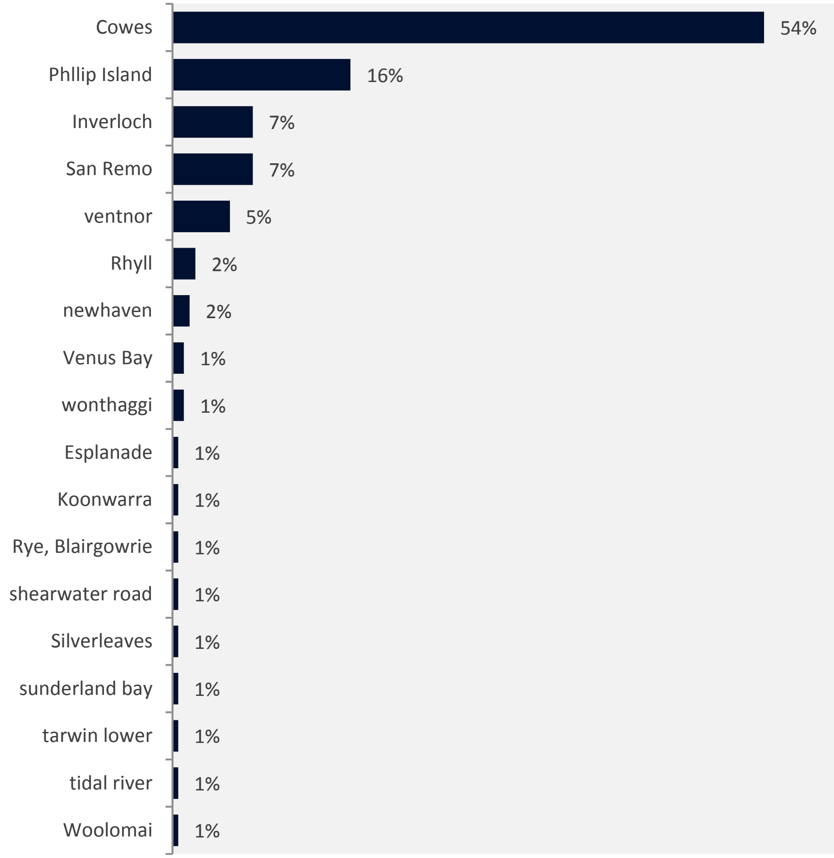
One-third of overnight visitors to Bass Coast Shire stayed for two nights in 2011/12, followed by 23% who stayed for three nights and 16% who stayed for one night. The average length of stay was 3.1 nights in 2011/12.When compared to 2009/10, there were higher proportions of overnight visitors staying for three, four and six nights in 2011/12.

Overall the data indicates that the average length of stay in 2011/12 remained the same as 2009/10.



3.7.2. LOCATION STAYED

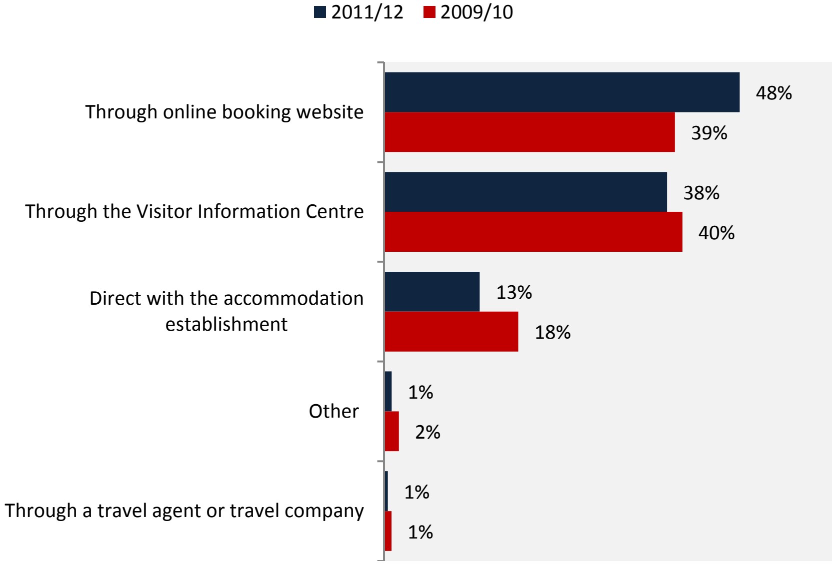
In 2011/12, over half of overnight visitors to Bass Coast Shire stayed in Cowes, followed by Phillip Island (16%), Inverloch (7%) and San Remo (7%).



3.7.3. ACCOMMODATION BOOKED

In 2011/12, around half of the respondents used an online booking website to book their accommodation (48%). A further 38% booked their accommodation through a VIC.

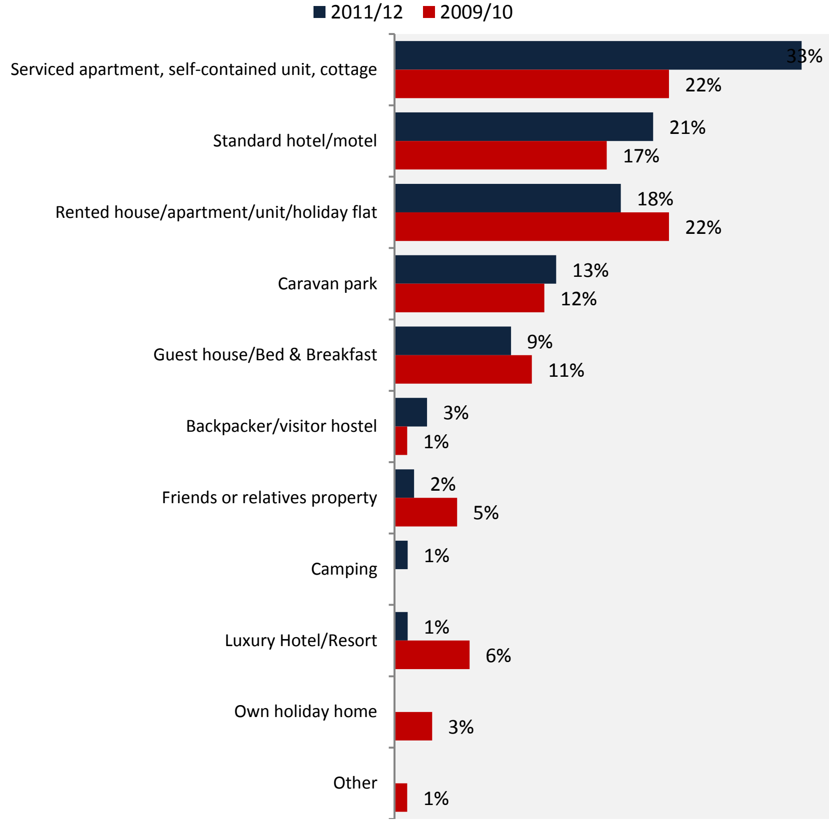
When compared to 2009/10, there were an increased proportion of respondents that used online booking websites to book their accommodation in 2011/12, and a decreased proportion of respondents that booked their accommodation through a VIC or direct with the accommodation establishment.



3.7.4. TYPE OF ACCOMMODATION

33% of overnight visitors stayed in serviced apartments, self-contained unit/cottage in 2011/12. A further 21% stayed in standard hotel/motel.

There was a significant increase in the proportion of visitors staying in a serviced apartment or self-contained unit/cottage and standard hotel/motel, but a decrease in the proportions of visitors staying in rented or friends/relatives properties and luxury hotel/resort in 2011/12 when compared to 2009/10.



3.8. EXPENDITURE

In 2011/12, the total average expenditure per overnight visitor was $400. This figure has increased from $389 in 2009/10.

Overnight visitors spent the most on accommodation ($154) on average in 2011/12, followed by food and drinks ($83), and shopping and groceries ($63).

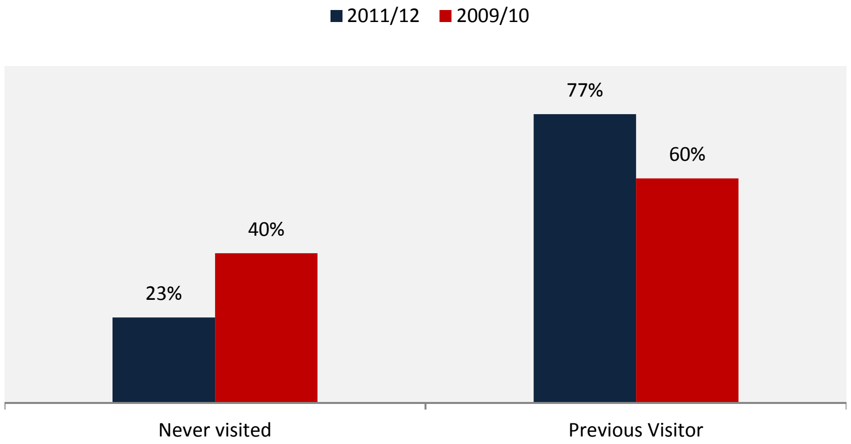
When compared to 2009/10, overnight visitors spent significantly more on entertainment/attractions and food and drink in 2011/12.

Expenditure Item	2011/12	2009/10	Difference between 2009/10 and 2011/12
Accommodation $	$154	$149	$5
Entertainment/attractions $	$52	$37	$15
Travel/transport (including petrol) $	$44	$46	-$2
Food and drink - Dining out	$44	$40	$4
Food and drink - Take away	$24	$23	$1
Food and drinks purchased at attractions $	$15	$12	$4
Total food and drinks	**$83**	**$75**	**$8**
Shopping (excluding groceries and alcohol) $	$38	$35	$3
Groceries (including alcohol) $	$25	$27	-$2
Total shopping & groceries	**$63**	**$61**	**$2**
Other $	$4	$5	-$1
Package tours	$0	$17	-$17
Total Average per person	$400	$389	$11

3.9. PREVIOUS/FUTURE VISITATION

3.9.1. PREVIOUS VISIT

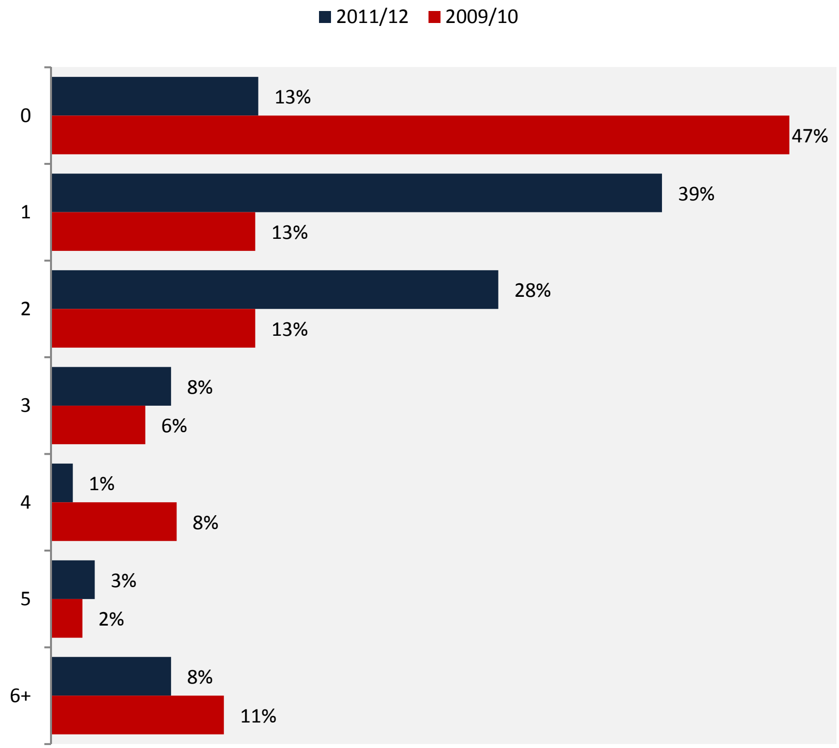
77% of overnight visitors had visited the Shire previously in 2011/12. This proportion had increased significantly from 60% in 2009/10.



3.9.2. NUMBER OF PREVIOUS VISITS IN PAST 12 MONTHS

Of the respondents that had visited previously, 39% had visited Bass Coast Shire once in the past 12 months in 2011/12, followed by 28% who had visited twice.

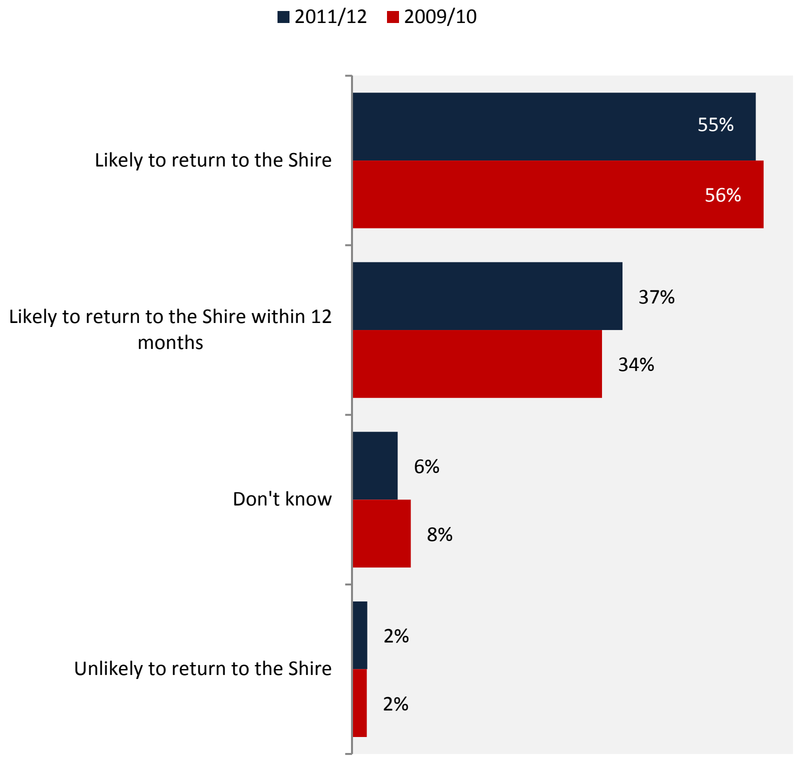
Only 13% of overnight respondents did not visit in the past 12 months in 2011/12, compared to 47% in 2009/10. This demonstrates increased visitation to Bass Coast Shire.



3.9.3. FUTURE RETURN

In 2011/12, 92% of survey respondents were likely to return to the Shire in the future, of these 55% would return beyond 12 months and 37% intend to return within the next 12 months.

When compared to 2009/10, responses were similar whereby the large majority of overnight visitors were likely to revisit Bass Coast Shire in the future in 2011/12.



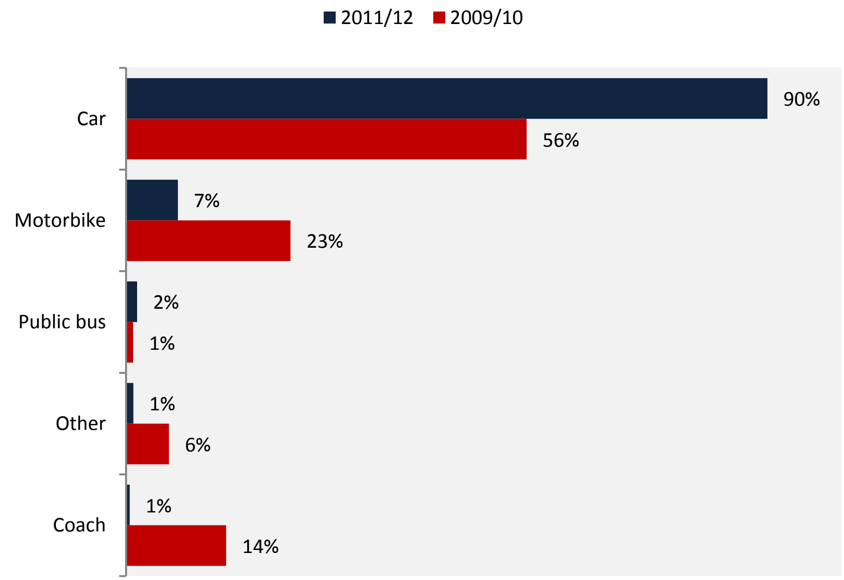
3.10. TRANSPORTATION/NAVIGATION

3.10.1. TRANSPORT USED

In 2011/12, the large majority of overnight visitor respondents travelled to Bass Coast Shire by car (90%), while 7% travelled by motorbike.

When compared to 2009/10, there was a significant decrease in the proportion of overnight visitors travelling by motorbike and other forms of transportation, while car became the most prevalent method of travel in 2011/12.

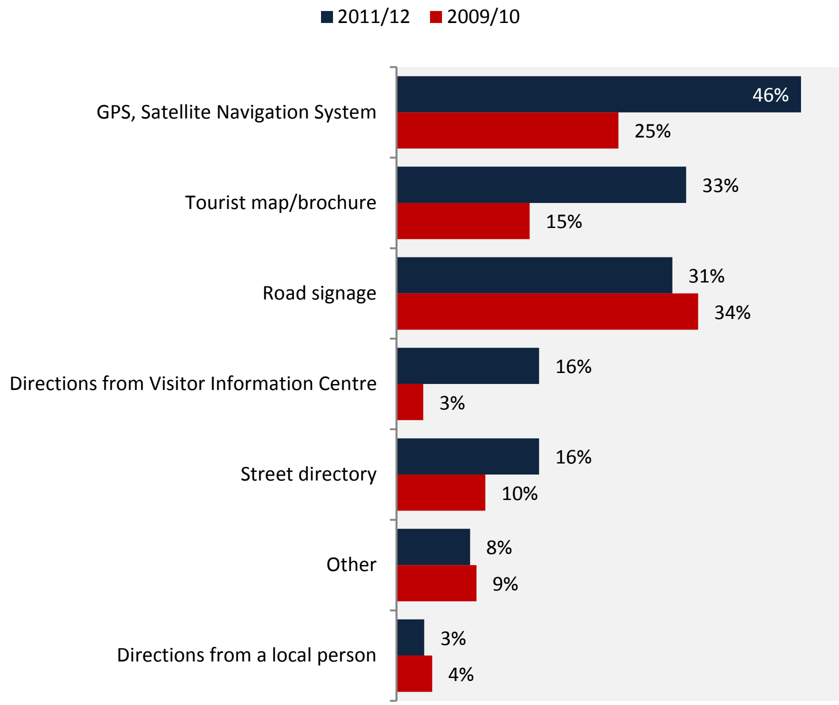
The proportion of visitors travelling by motorbike in 2009/10 is indicative of more respondents who attended the 2010 Motor Grand Prix.



3.10.2. NAVIGATION

Around half of overnight visitor respondents used GPS to navigate their way through Bass Coast Shire in 2011/12. This is followed by 33% using maps/brochure.

When compared to 2009/10, there were more overnight visitors using GPS and tourist maps/brochure in 2011/12, and less overnight visitors using the VIC for directions and street directory to navigate through the Shire.

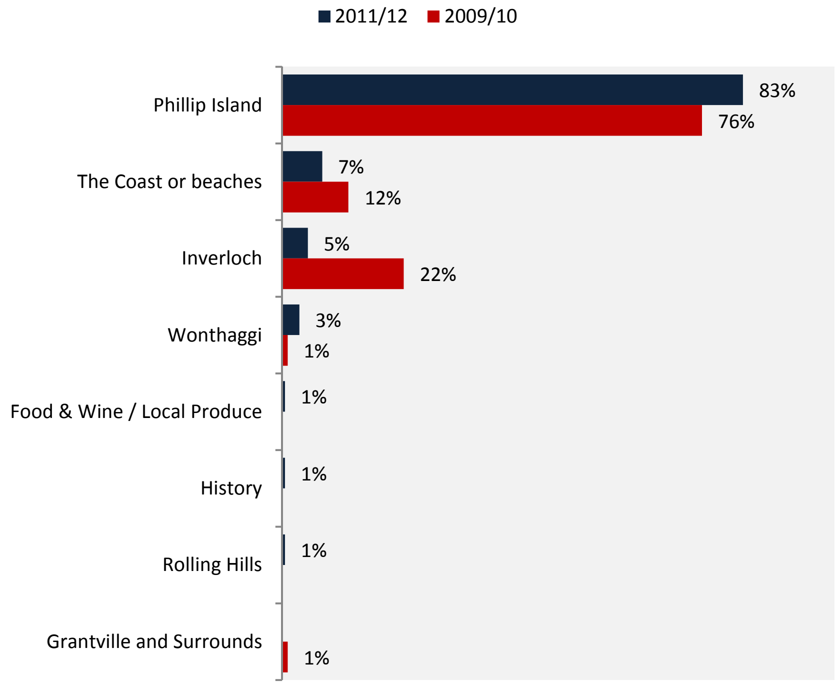


3.11. CHARACTERISTICS

3.11.1. ASSOCIATE WITH BASS COAST SHIRE

A large majority of respondents associated Bass Coast Shire with Phillip Island (83%), which was in-line with results presented in 2009/10 (76%).

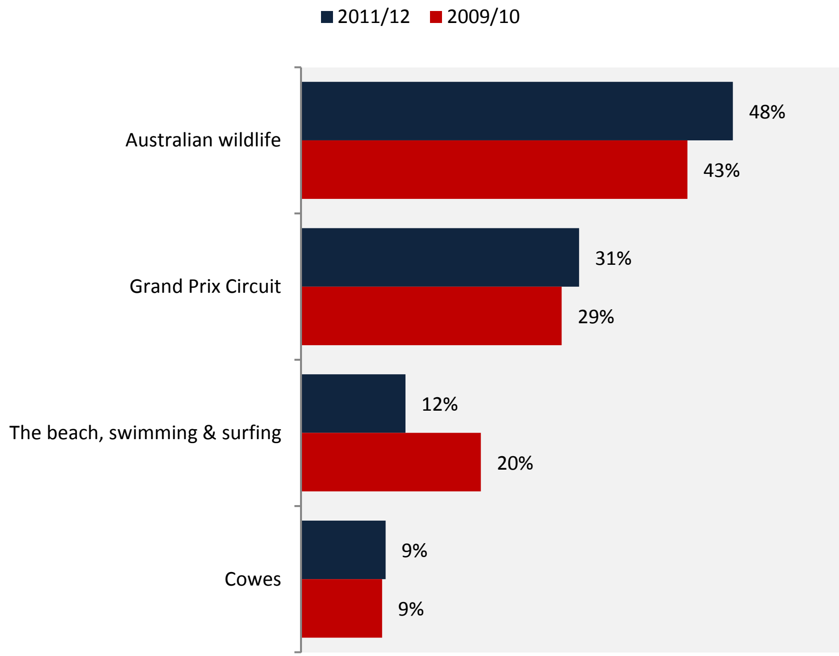
The proportion of overnight visitor respondents that associated the Shire with the Coast or beaches and Inverloch in 2011/12 decreased significantly in comparison to 2009/10. This may be indication of the growth in international and interstate visitation.



3.11.2. ASSOCIATION WITH PHILLIP ISLAND

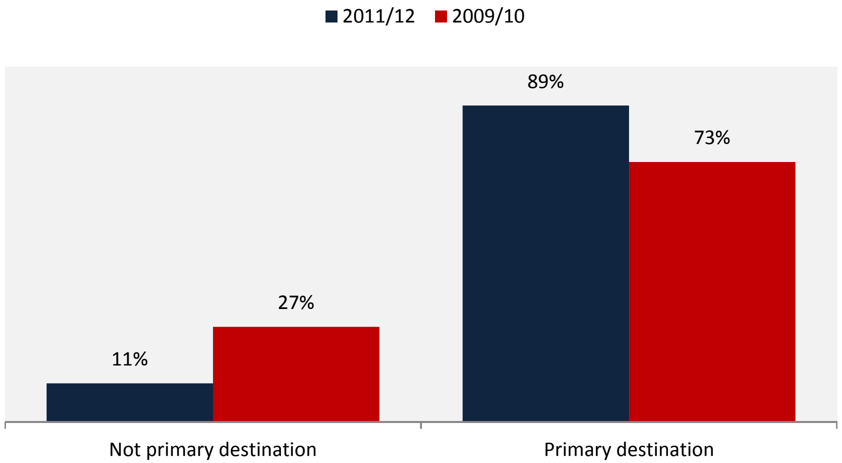
48% of overnight visitor respondents associated 'Australian wildlife' with Phillip Island while 31% associated Phillip Island with the GP Circuit in 2011/12.

When compared to 2009/10, there were less overnight visitors associating 'the beach, swimming & surfing' with Phillip Island in 2011/12.



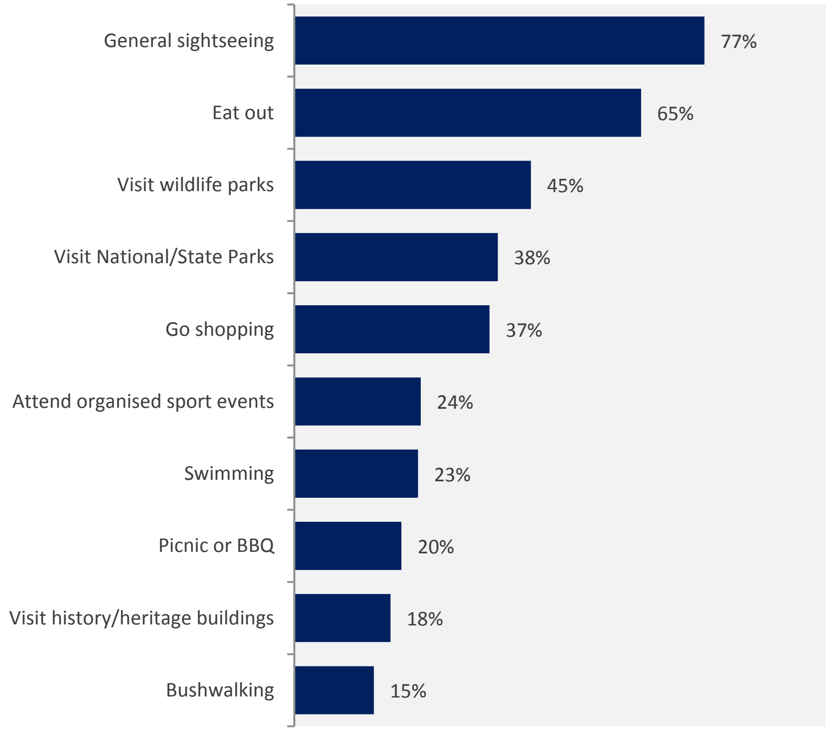
3.11.3. PHILLIP ISLAND PRIMARY DESTINATION

In both 2011/12 and 2009/10, Phillip Island was the primary destination for a large majority of overnight visitors.



3.12. ACTIVITIES

In 2011/12, general sightseeing (77%) was the most popular activity undertaken by overnight visitors to the Bass Coast Shire. This is followed by 'eating out' (65%) and 'visiting wildlife parks' (45%).



4. Tourism Business Survey

4.1. INTRODUCTION

Part 2 of the report provides an assessment of tourism business performance in 2011 in Bass Coast Shire. Results will be compared with the Mornington Peninsula Tourism and Destination Gippsland business surveys where appropriate.

4.2. METHODOLOGY

The online business survey questionnaire was prepared by Urban Enterprise using Survey Monkey for tourism and accommodation businesses in Bass Coast Shire. The survey questionnaire is consistent with the Mornington Peninsula Tourism and Destination Gippsland business surveys to allow for trend data analysis. The online business survey aimed to collect data for the following:

- Employment;
- Income change;
- Business markets;
- Capital investment;
- Accommodation business performance; and
- Current issues.

It should be noted that businesses that completed the online Destination Gippsland Business Survey in early 2012 were not required to undertake this Bass Coast Business Survey as both surveys aimed to collect the same sets of data.

The business survey was distributed by Urban Enterprise. Responses were collected and compiled by Urban Enterprise.

4.2.1. SURVEY SAMPLE

The Bass Coast Shire business database comprised 321 tourism business and organisations in 2011. Urban Enterprise, with the assistance of Bass Coast Shire Council, distributed the online business survey to all member businesses in July 2012.

83 businesses (26% of all businesses in the database) responded to the Business Survey.

In order to evaluate the performance of specific tourism sectors, each business listed on the Bass Coast Shire database is categorised as one of the following: -

ACCOMMODATION

Includes caravan parks, holiday units, cottages, hotels, motels, bed & breakfasts, resorts, lodges and motor inns.

ANTIQUES/GALLERIES/ART & CRAFT

Includes shops selling antiques and collectibles, bookshops, art galleries and studios.

ATTRACTIONS

Includes historic sites, cinemas, gardens, museums, chairlifts, farm gate and gourmet food producer and nurseries.

GOLF

Includes golf courses, driving ranges and golfing complexes, but does not include mini-golf.

RESTAURANTS

Includes restaurants, cafes, pubs, taverns, take away, and bakeries.

TOURS & ACTIVITIES

Includes boat charters, cruises, ferries and passenger services, trail rides, fishing charters, dive tours, winery tours, walking tours and other guided activities.

WINERIES

Includes wineries and vineyards. Establishments in this sector may also have accommodation and eating facilities, however their core business is in wine making or grape growing.

OTHER

Includes businesses that do not fall into any of the categories listed above. Establishments in this sector may include retail businesses, spa and wellness centres, speciality businesses, educational establishments as well as tourism information businesses.

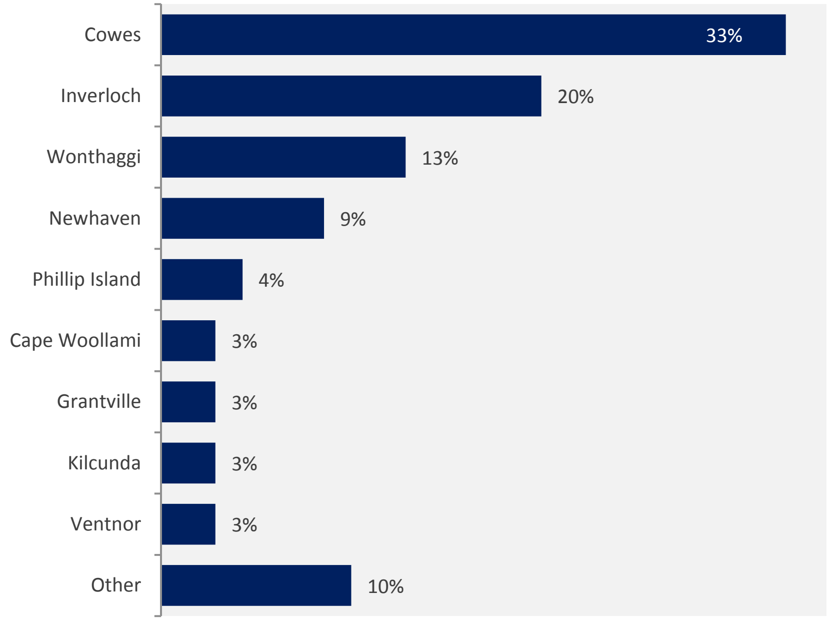
4.2.2. SECTOR SUMMARY

The table below provides a summary of the number of businesses in each tourism sector in Bass Coast Shire in 2011.

Sector	Membership Database 2011	% of Total Membership	Business Responded	% of Total Responses	Response Rate %
Accommodation	132	41%	31	37%	23%
Restaurants	47	15%	8	10%	17%
Attractions	32	10%	12	14%	38%
Tours & Activities	20	6%	10	12%	50%
Antiques/Galleries/Art & Craft	13	4%	6	7%	46%
Golf	4	1%	2	2%	50%
Wineries	9	3%	0	0%	0%
Other (retails, services etc)	64	20%	14	17%	22%
Total	**321**		**83**		**26%**

4.2.3. SURVEY RESPONDENTS

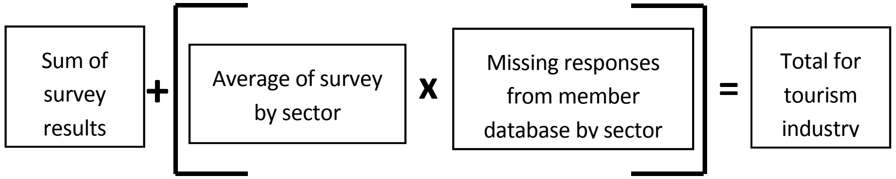
The figure below shows that the majority of business respondents to the business survey are based in Cowes (33%), Inverloch (20%) and Wonthaggi (13%). The remainder of respondents are based in localities spread across Bass Coast Shire.



4.2.4. EXTRAPOLATION

The survey results have been extrapolated to obtain estimates of total employment and total capital investment as follows: -

EXTRAPOLATION FOR EMPLOYMENT & CAPITAL INVESTMENT

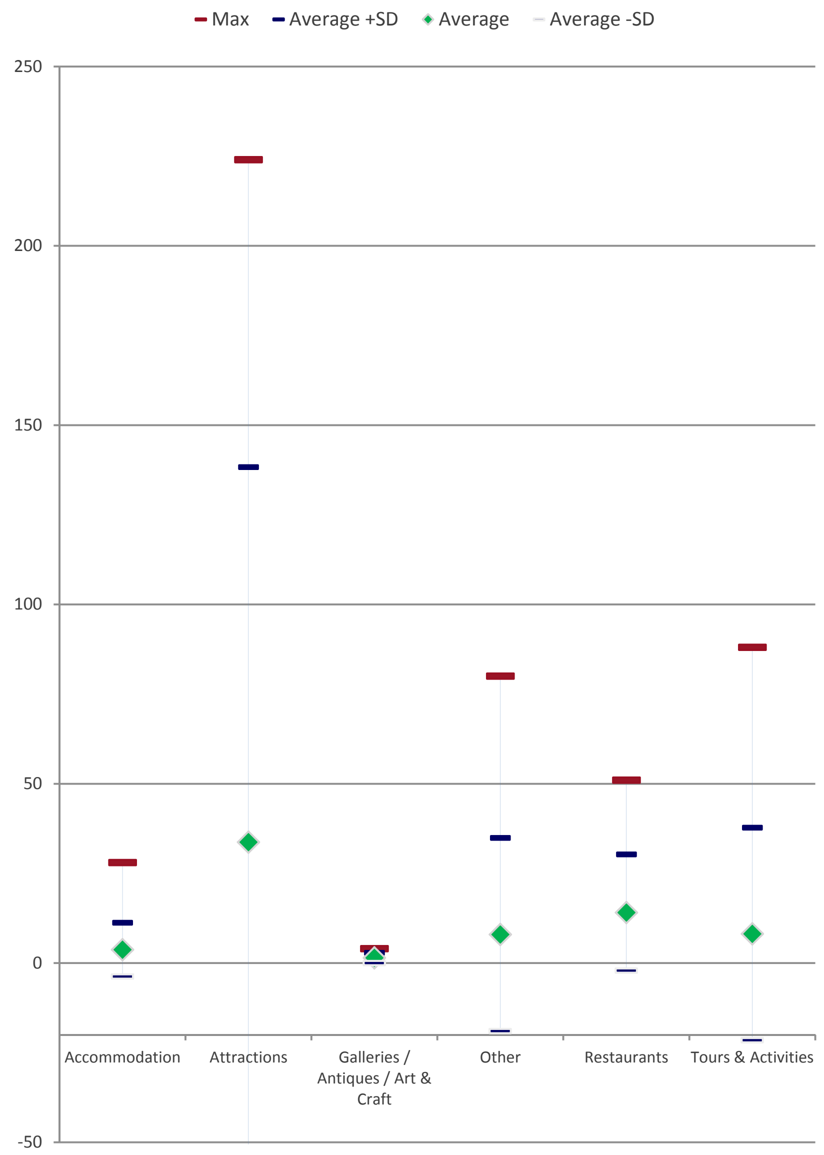


It is important to note that not all tourism related businesses were included in the survey, and hence the results as reported understate the total employment and capital investment impacts of tourism in the Bass Coast Shire. See the Economic Impact section of the report for more information.

4.2.5. BUSINESS SIZE VARIATION

The number of employees is used as a measure of business size, to indicate the variation of the size of businesses that responded to the 2011 survey by sector. The following graph indicates the maximum, average, and standard deviation of the number of employees in Bass Coast Shire businesses that responded to the survey.

There are some variations in business size across most sectors in Bass Coast Shire, in particular the Attractions sector. This is likely to be skewed by attractions such as the Phillip Island Nature Park and Grand Prix Circuit.

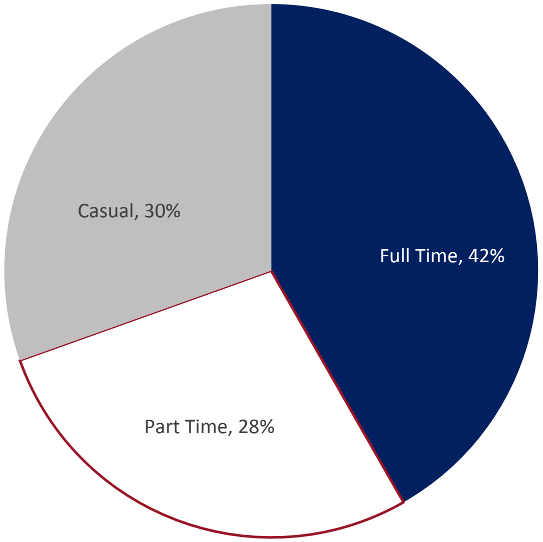


4.3. EMPLOYMENT

4.3.1. EMPLOYMENT TYPE ALL SECTORS

At the end of 2011, 42% of employees were employed full time, 28% were employed part time and 30% were employed as casual workers.

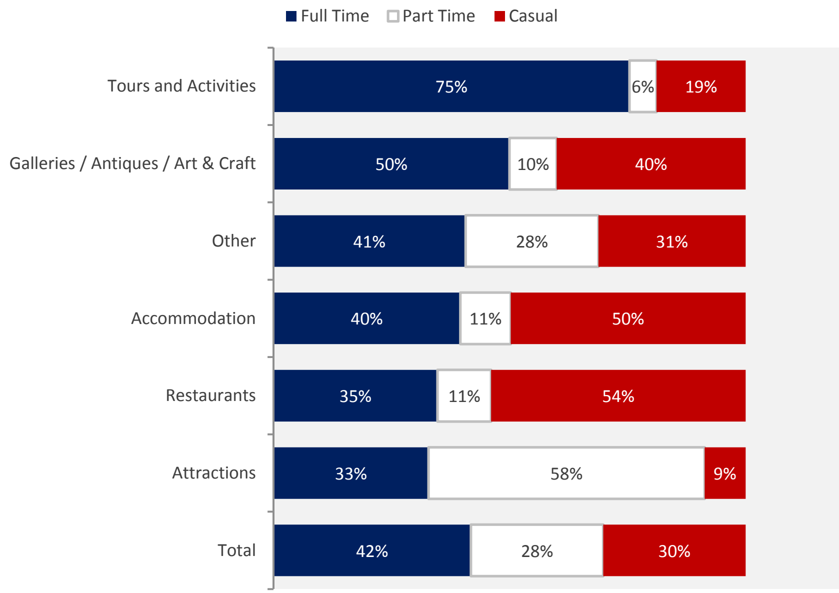
These proportions remained consistent from January 2011 to December 2011.



4.3.2. EMPLOYMENT BY SECTOR – DECEMEBER 31ST 2011

The employment data for the 31st of December 2011 indicates that Tours and Activities (75%) and Galleries/Antiques/Art & Craft (50%) employed the greatest proportion of Full Time employees.

The survey indicates that casual employees in Galleries/Antiques/Art & Craft decreased by 10% and a corresponding increase in full time and part time employees between January and December 2011. Full time employees in Accommodation decreased by 6% while casual employees increased by 5%.



4.3.3. NUMBER OF EMPLOYEES

MEDIAN AND AVERAGE EMPLOYEES

The survey results indicate that the Attractions sector had the largest number of median employees, at 26, followed by Restaurants with a median number of employees of 16.

In sectors where the average is greater than the median, there are more small enterprises than large enterprises. For example Tours & Activities had a median of 6, but an average of 8, indicating that there are more small businesses in this sector.

Sector	Median	Average
Galleries / Antiques / Art & Craft	1	1.4
Accommodation	3.5	3.7
Tours & Activities	6	8.1
Other	6.5	8.0
Restaurants	16	14.1
Attractions	26	33.7
Golf*	5	3
Wineries*	5	3

** Low sample size - used overall average.*

TOTAL ESTIMATED NUMBER OF EMPLOYEES

The following table estimates the total employment for member businesses in Bass Coast Shire in 2011.

In December 2011, it is estimated that the total number of persons employed by Bass Coast businesses was 6,323.

'Attractions' is estimated to be the largest employment sector, with 1,934 employees, followed by 'Other' with 1,585 employees.

	December 2011			Total Extrapolated Employees 2011	% of Total
Sector	Full Time	Part Time	Casual		
Accommodation	430	222	587	1,239	20%
Attractions	698	972	264	1,934	31%
Galleries / Antiques / Art & Craft	14	8	18	40	1%
Other	521	715	349	1,585	26%
Restaurants	322	224	499	1,045	17%
Tours & Activities	223	25	81	328	5%
Golf*	20	13	14	47	1%
Wineries*	44	29	32	105	2%
Total				**6,323**	**100%**

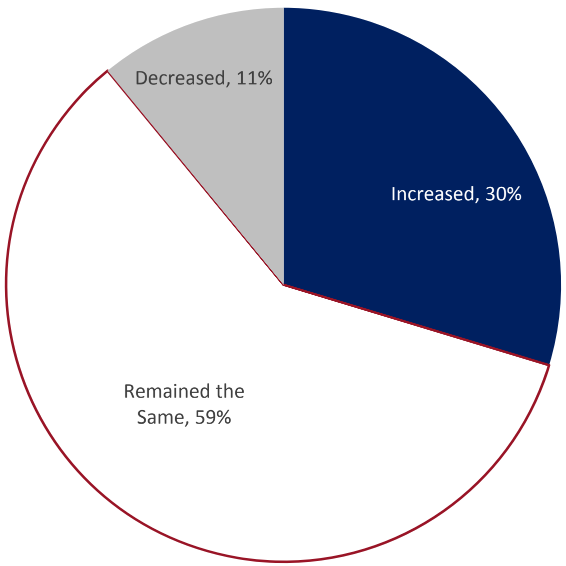
** Low sample size - used overall average.*

4.3.4. EMPLOYMENT CHANGE 2010 – 2011

EMPLOYMENT CHANGE ALL SECTOR

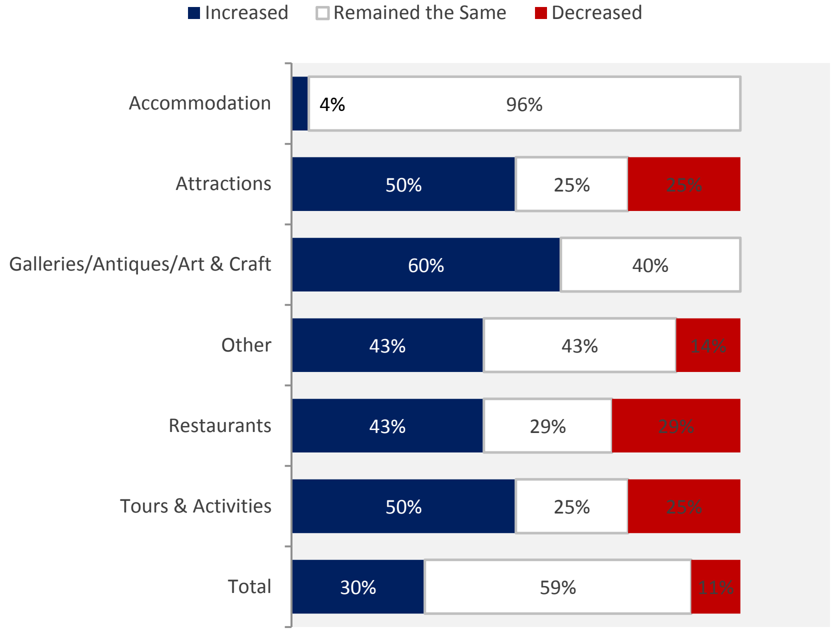
The survey found that 30% of businesses increased the number of employees between 2010 and 2011 and only 11% reduced the number of employees.

Employment for the majority of businesses in Bass Coast Shire remained the same between 2010 and 2011.



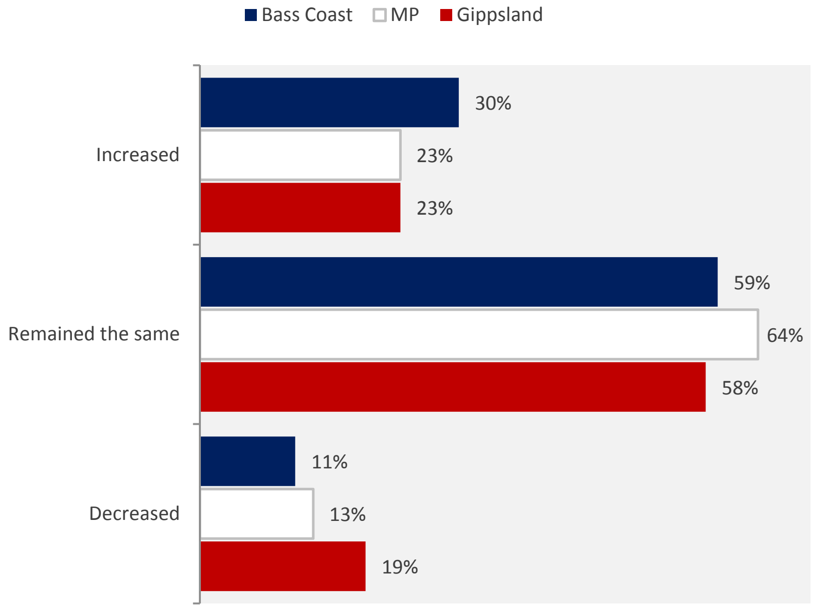
EMPLOYMENT CHANGE BY SECTOR

60% of respondents from the Galleries/Antiques/Art & Craft reported a staff increase between 2010 and 2011, followed by Tours & Activities and Attractions businesses (50%).



EMPLOYMENT CHANGE ALL SECTORS – COMPARED WITH MORNINGTON PENINSULA & GIPPSLAND

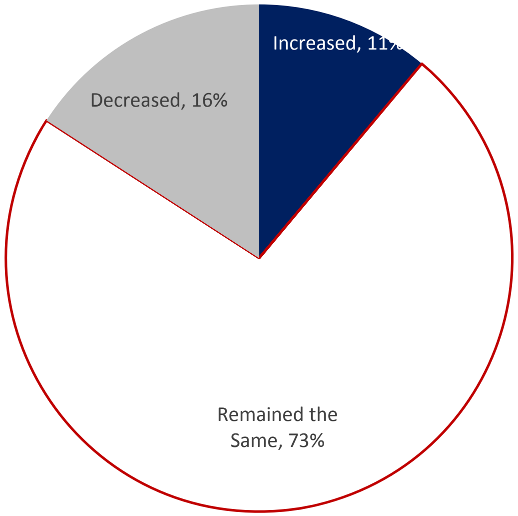
When compared to Mornington Peninsula and Gippsland, businesses in Bass Coast Shire reported a higher proportion of businesses that expect employment to increase between 2010 and 2011.



4.3.5. EMPLOYMENT EXPECTATIONS

EMPLOYMENT EXPECTATIONS 2012 ALL SECTORS

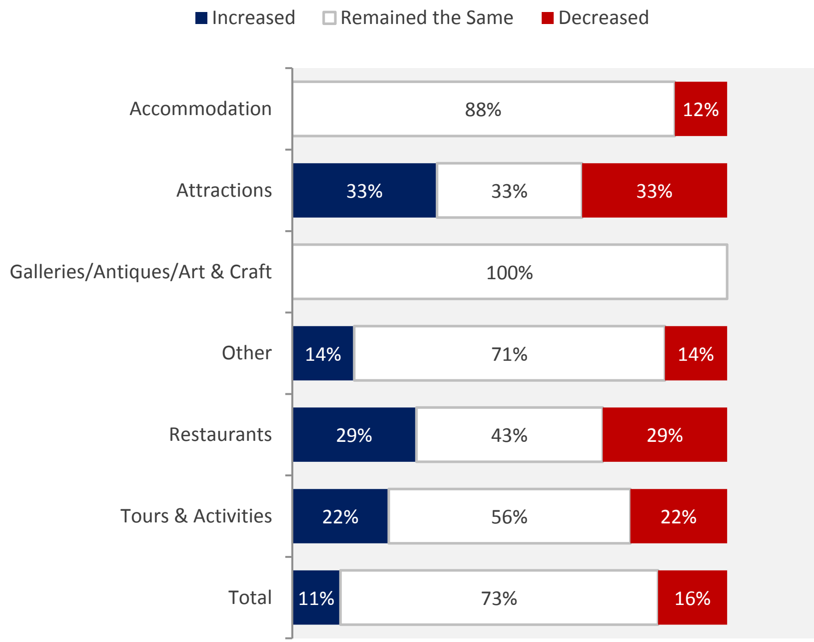
11% of business respondents expected their employment to increase, 16% expected their employment to decrease and the large majority with 73% expected their employment to remain the same in 2012.



EMPLOYMENT EXPECTATIONS FOR 2012 BY SECTOR

The large majority of businesses expected their employment to remain the same in 2012 for each sector.

Attractions had the highest expectation for increase in employment in 2012 (33%), followed by Restaurants (29%). However these two sectors also had the highest proportion of businesses that expected their employment to decrease in 2012.



4.4. CAPITAL INVESTMENT

4.4.1. CAPITAL INVESTMENT BY SECTOR

The estimated total capital investment made by Bass Coast Shire businesses in 2011 is approximately $33.4 million.

Attractions had the highest average capital investment per business ($366,130), followed by Other sector at $122,543 per business in 2011. Galleries/Antiques/Art & Craft had the lowest average investment per business, at $5,500 per business in 2011.

Attractions had the largest extrapolated capital expenditure of $17.5 million.

Sector	Average per Business	Total Extrapolated Capital Investment
Accommodation	$42,998	$5,589,776
Attractions	$366,130	$17,519,384
Galleries / Antiques / Art & Craft	$5,500	$66,000
Other	$122,543	$7,842,743
Restaurants	$45,595	$2,097,390
Tours & Activities	$15,750	$283,500
Golf*	N/A	N/A
Wineries*	N/A	N/A
All Sector Average	**$80,457**	**$33,398,793**

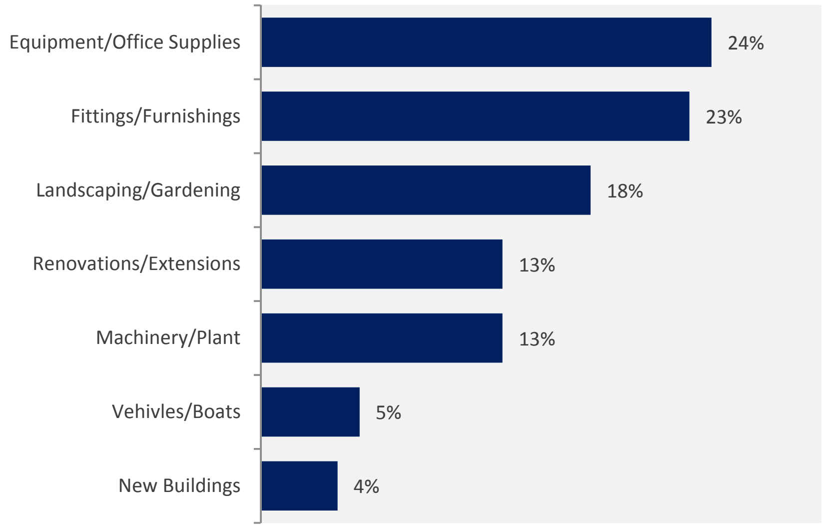
** Low sample size - results no shown.*

4.4.2. CAPITAL INVESTMENT BY TYPE

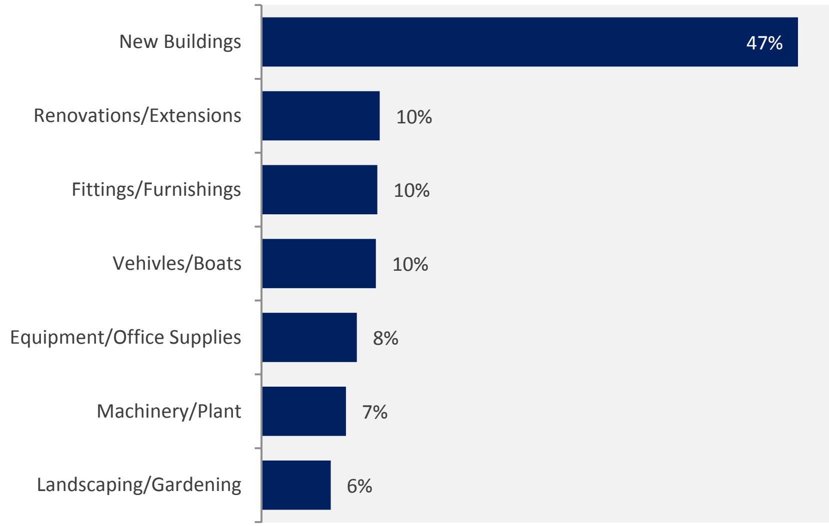
INVESTMENT TYPE BY RESPONSE RATE

Despite only 4% of respondents reported on capital investment on new buildings, it attracted the highest proportion of investment in 2011.

The most frequently cited types of expenditure for 2011 were 'Equipment/Office Supplies'. 'Fittings/Furnishings' and 'Landscaping/Gardening'.



CAPITAL INVESTMENT BY INVESTMENT TYPE – VALUE



4.4.3. CAPITAL INVESTMENT COMPARED TO OTHER REGIONS

Bass Coast businesses had a similar average capital investment per business ($80,457) to Mornington Peninsula ($82,175).

Average capital investment in 'Attractions' and "Other' businesses were significantly higher than Mornington Peninsula and Gippsland.

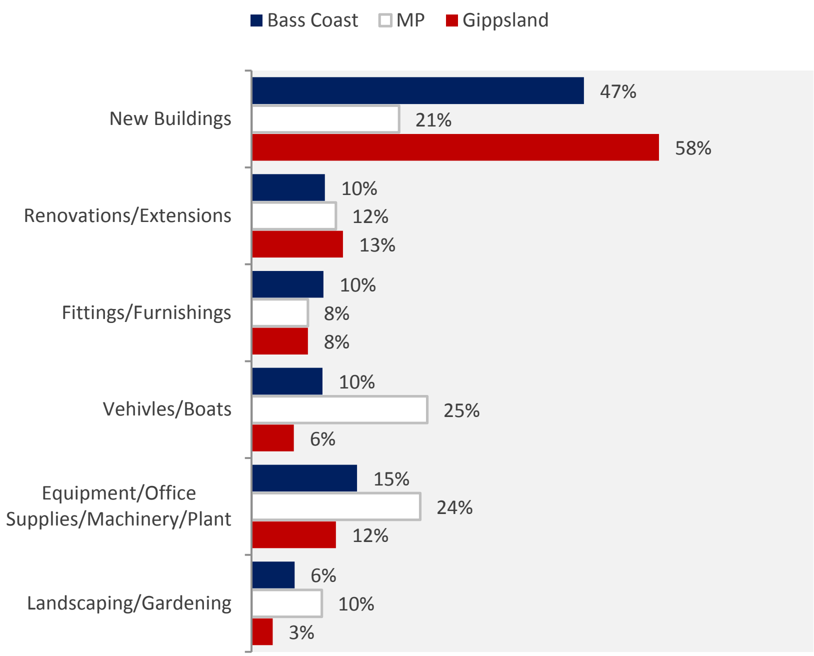
Sector	Average per Business		
	Bass Coast	MP	Gippsland
Attractions	$366,130	$25,008	$248,590
Other	$122,543	$28,589	$82,178
Accommodation	$42,998	$57,028	$43,902
Restaurants	$45,595	$25,178	$59,542
Tours & Activities	$15,750	$154,005	$30,150
Galleries / Antiques / Art & Craft	$5,500	$1,504	$5,717
Events	N/A	$79,166	-
Golf*	N/A	$337,092	-
Wineries*	N/A	$32,009	$116,450
All Sector Average	**$80,457**	**$82,175**	**$105,461**

** Low sample size - results not shown.*

CAPITAL INVESTMENT BY TYPE – COMPARED TO MORNINGTON PENINSULA AND GIPPSLAND

In 2011, businesses in Gippsland made the highest proportion of capital investment in 'New Buildings' (58%), compared to 'New Buildings' investment in Bass Coast (47%) and Mornington Peninsula (21%).

Overall, capital investment patterns for Bass Coast businesses were similar to Gippsland, with a higher proportion of investment in 'New Buildings'. Investment patterns for Mornington Peninsula businesses were more evenly spread across the investment types in 2011.



4.4.4. EXPECTED CAPITAL INVESTMENT

EXTRAPOLATED EXPECTED INVESTMENT FOR 2012 BY SECTOR

The total expected extrapolated capital investment by Bass Coast Shire businesses in 2012 is estimated at $17 million.

Sector	Average per Business	Total Extrapolated Capital Investment
Accommodation	$27,824	$3,617,138
Attractions	$325,000	$8,775,000
Galleries / Antiques / Art & Craft	$1,700	$20,400
Other	$37,861	$2,423,086
Restaurants	$46,354	$2,132,291
Golf*	N/A	N/A
Wineries*	N/A	N/A
Tours & Activities	$4,500	$81,000
All Sector Average	**$56,870**	**$17,048,914**

** Low sample size - results not shown.*

EXPECTED CAPITAL INVESTMENT COMPARED TO MORNINGTON PENINSULA 2012

Survey respondents from Bass Coast expected to invest a lower average capital investment at $56,870 per business, compared to Mornington Peninsula ($105,796 per business) in 2012.

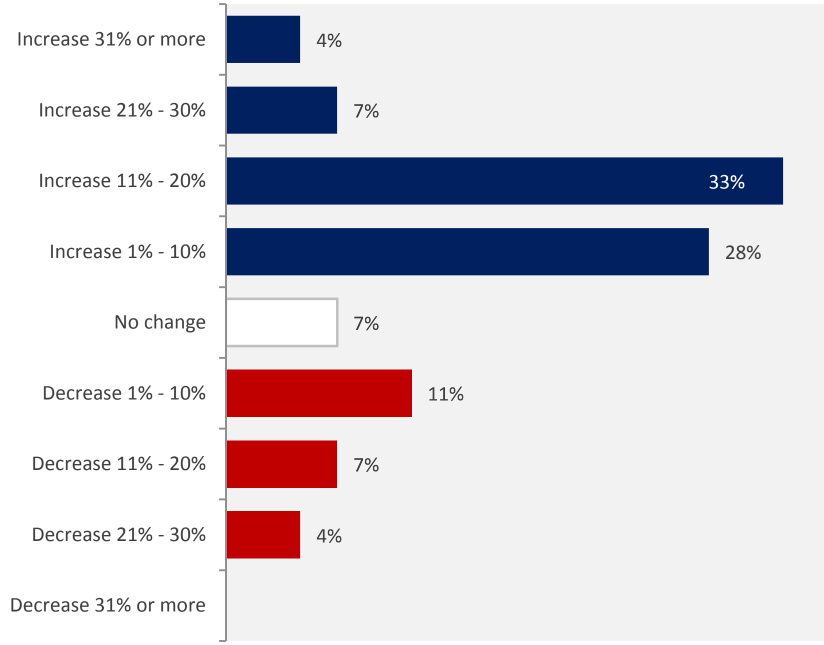
Sector	Average per Business	
	Bass Coast	MP
Accommodation	$27,824	$21,209
Attractions	$325,000	$99,083
Galleries / Antiques / Art & Craft	$1,700	$36,333
Other	$37,861	$93,727
Restaurants	$46,354	$97,579
Golf*		$719,735
Wineries*		$179,589
Tours & Activities	$4,500	$83,475
Events		$10,833
All Sector Average	**$56,870**	**$105,796**

** Low sample size - Results not shown*

4.5. GROSS BUSINESS INCOME

4.5.1. CHANGE IN BUSINESS INCOME 2010 TO 2011

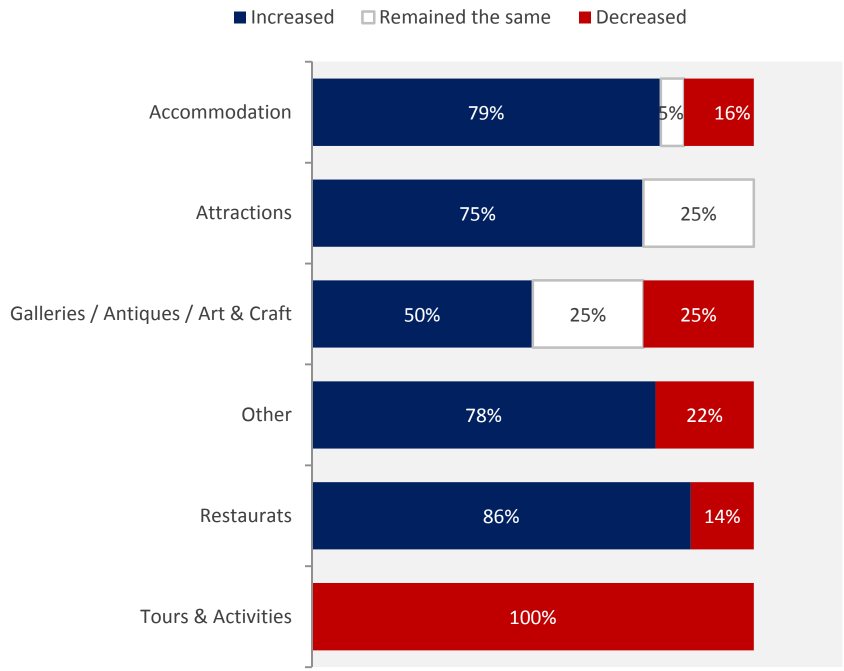
The majority of business respondents reported an increase in income in 2011 (70%). Most businesses reported a 1% to 20% increase in income in 2011.



CHANGE IN BUSINESS INCOME BY SECTOR

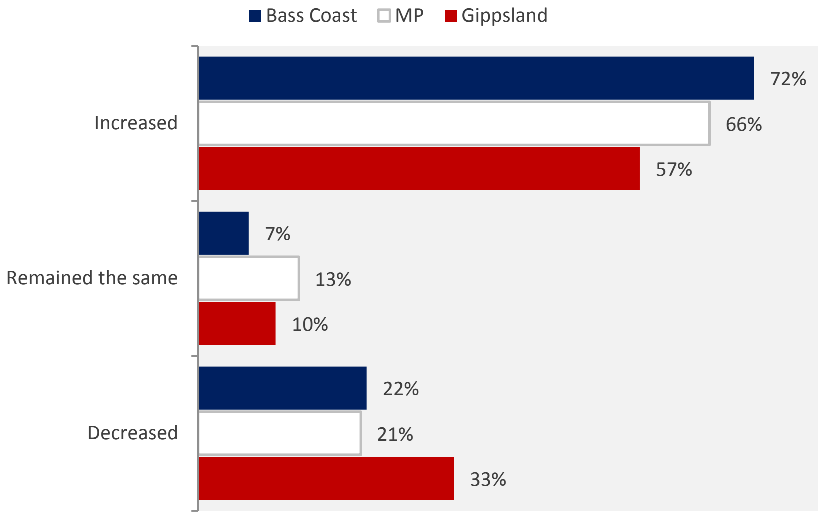
A high proportion of businesses in Restaurants, Accommodation and Other sectors reported an increase in income in 2011 when compared to 2010.

All businesses in Tours & Activities reported a decline in business income. However, the low sample size of the sector may affect the accuracy of reported changes.



CHANGE IN BUSINESS INCOME – COMPARED TO MORNINGTON PENINSULA & GIPPSLAND

Bass Coast Shire had the highest proportion of businesses that reported an increase in business income in 2011, when compared to Gippsland and Mornington Peninsula.



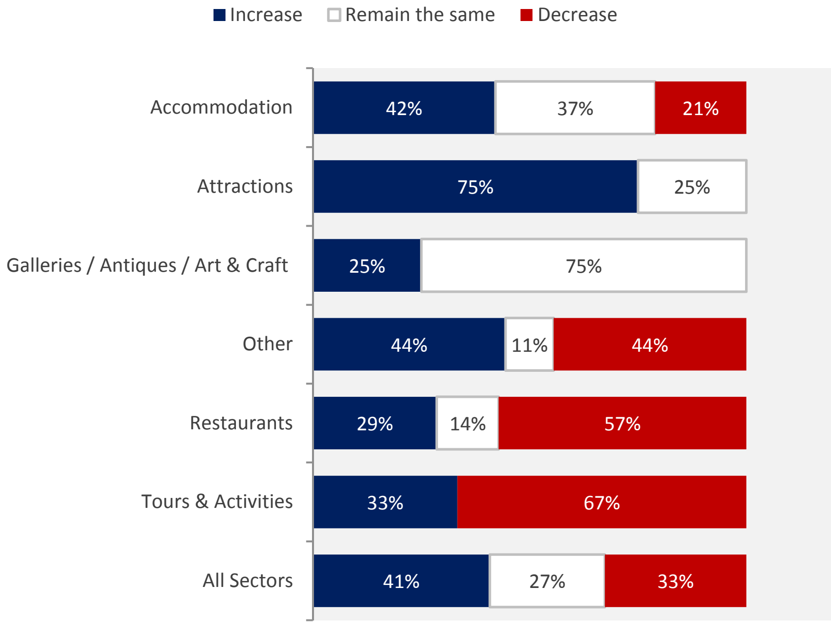
4.6. EXPECTED BUSINESS INCOME FOR 2012

PROJECTED CHANGE IN BUSINESS INCOME

Overall, 41% of businesses surveyed expected their income to increase in 2012, while 33% expected their income to decline. A further 27% expected their business income to remain the same in 2012.

The Attractions sector had the highest proportion of businesses that expected an increase in business income in 2012, at 75% of businesses.

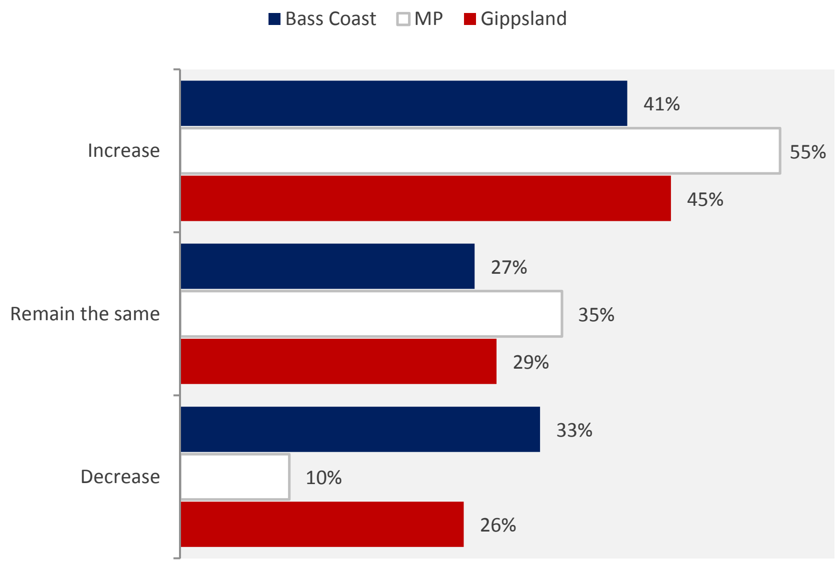
A significant proportion of businesses in the Tours & Activities (87%) and Restaurants (57%) sectors expected their income to decline in 2012.



PROJECTED CHANGE IN BUSINESS INCOME– BASS COAST, MORNINGTON PENINSULA & GIPPSLAND

When compared to businesses surveyed in Mornington Peninsula and Gippsland, businesses surveyed in Bass Coast were less confident about increase in business income in 2012.

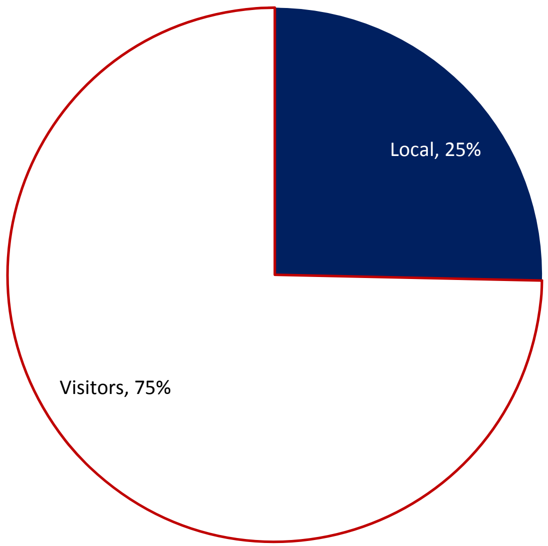
Bass Coast had a lower proportion of businesses (41%) that predicted their income to increase when compared to Mornington Peninsula (55%) and Gippsland (45%), and a significantly higher proportion of survey businesses (33%) that predicted their income to decline in 2021, as compared to Mornington Peninsula (10%) and Gippsland (26%).



4.7. MARKETS

4.7.1. LOCAL AND VISITING PATRONS

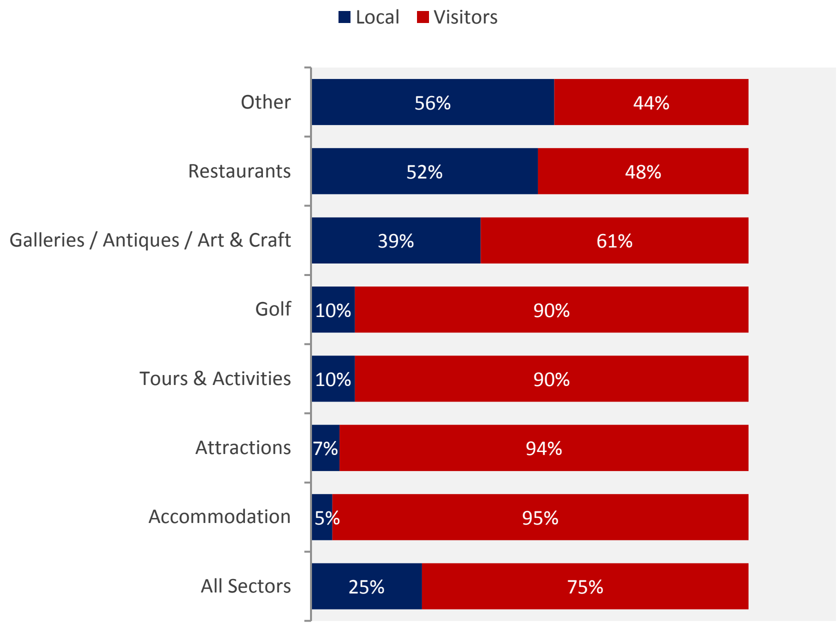
Bass Coast businesses reported that in 2011, on average 75% of their customers were from outside the Bass Coast Shire. Demonstrating the significance tourism has for the viability of many Bass Coast businesses.



PATRONS BY SECTOR

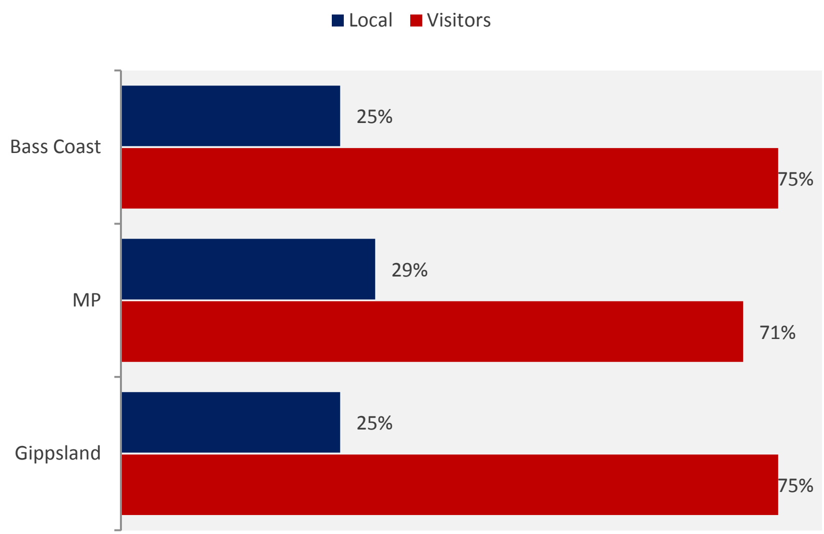
Not surprisingly, the Accommodation sector reported the highest average of non-local patrons in the 2011 survey, at 95%, followed by Attractions (94%), tours and Activities (90%) and Golf (90%).

Businesses that reported high proportions of local patronage include ‘other’ (56%), ‘restaurants’ (52%) and ‘Galleries/Antiques/Art and Craft’ (39%).



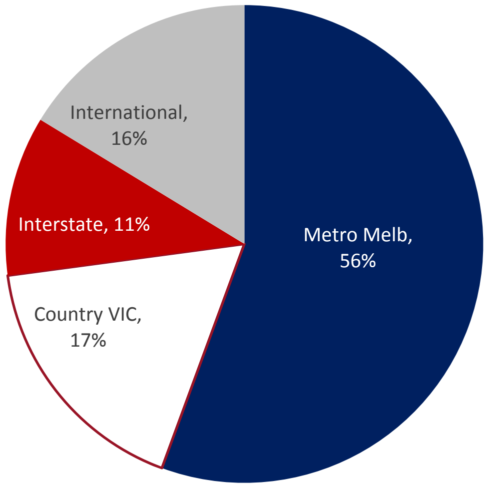
LOCAL AND VISITING PATRONS – BASS COAST, MORNINGTON PENINSULA AND GIPPSLAND

Businesses in Bass Coast Shire attracted similar proportions of local and visitor customers when compared to Mornington Peninsula and Gippsland in 2011.



4.7.2. VISITOR ORIGIN

On average, respondents to the 2011 survey indicated that 56% of their patrons from outside the Bass Coast Shire were from metropolitan Melbourne, indicating that this is the main market.

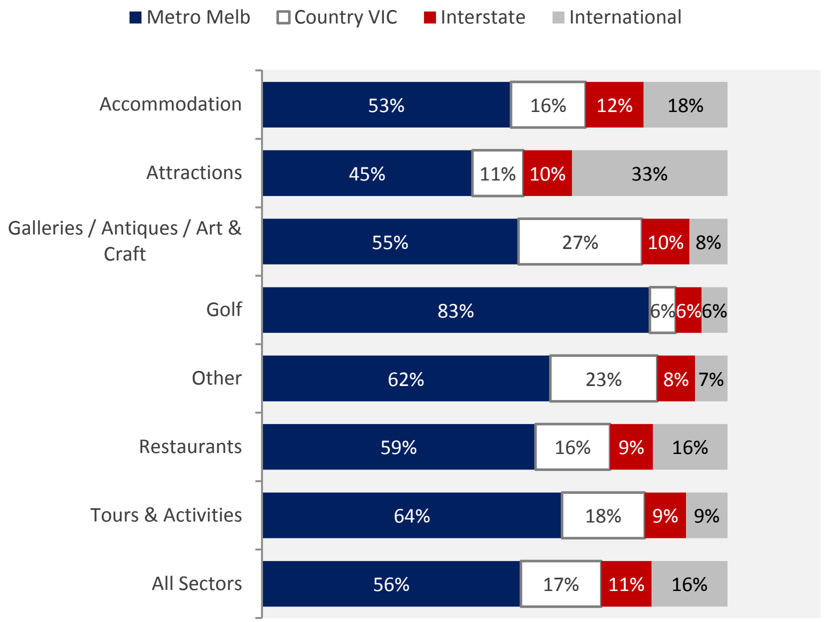


VISITOR ORIGIN BY SECTOR

Golf businesses reported the highest visitation from metropolitan Melbourne of the Bass Coast industry sectors at 83%, this was followed by Tours and Activities at 64%.

Attractions reported the highest international visitation of all industry sectors in 2011, at 33%

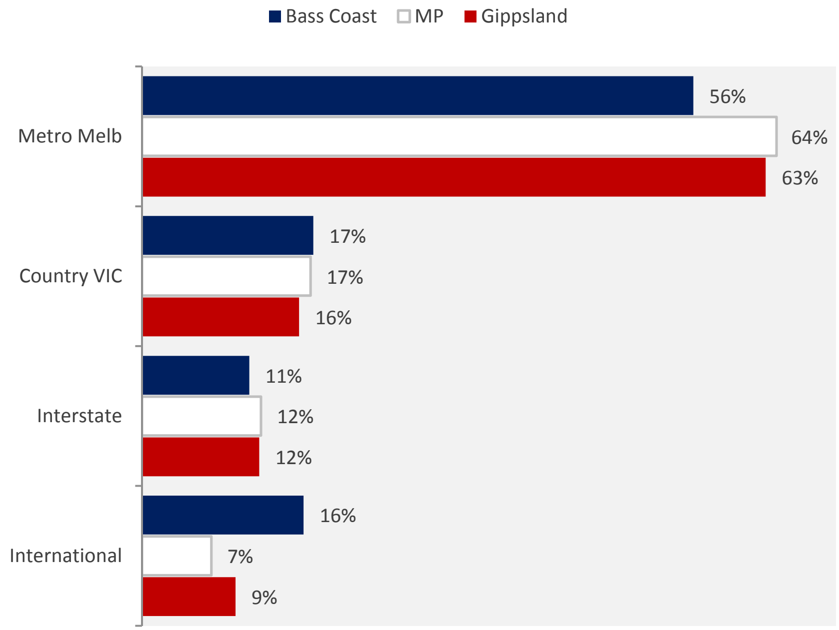
Galleries/Antiques/Art &Craft reported the highest percentage of Country Victoria visitors, at 27%.



VISITOR ORIGIN – BASS COAST, MORNINGTON PENINSULA & GIPPSLAND

Businesses in Bass Coast Shire reported a higher proportion of international visitors when compared to Mornington Peninsula in 2011, likely due to the Penguin Parade.

Correspondingly, Bass Coast businesses reported a lower proportion of visitors from metropolitan Melbourne when compared to Mornington Peninsula and Gippsland.



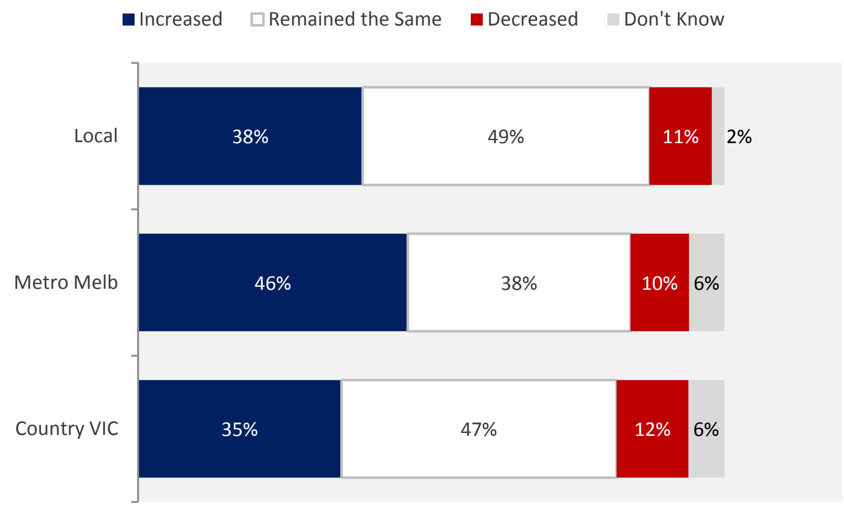
4.7.3. DOMESTIC VISITORS

CHANGE IN DOMESTIC VISITATION – PAST 5 YEARS ALL SECTOR

The survey indicates that approximately half of Bass Coast businesses did not experience any changes in local and Country Victoria visitation in the past 5 years.

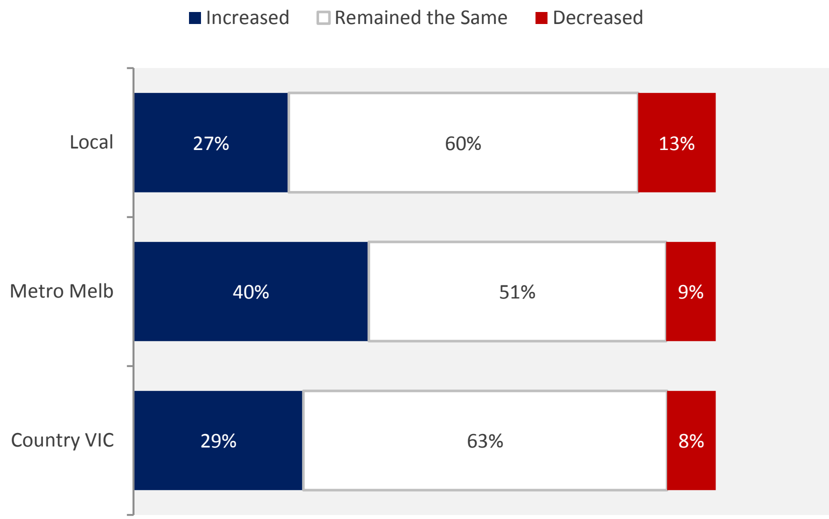
Visitors from metropolitan Melbourne were reported to experience the largest increase (46%) in the past 5 years.

Only approximately 10% to 12% of businesses reported a decrease in domestic visitation in the past 5 years.



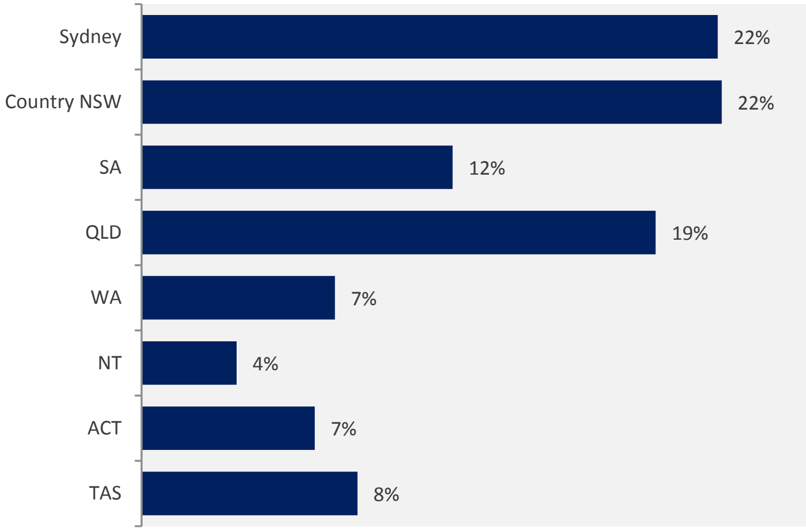
EXPECTED CHANGE IN DOMESTIC VISITATION – NEXT 5 YEARS ALL SECTORS

The survey indicates that over half of the Bass Coast businesses expect domestic visitation to remain unchanged in the next 5 years.



4.7.4. INTERSTATE VISITORS

Bass Coast businesses undertaking the survey in 2011 indicated that their interstate visitors were predominately from Sydney and Country NSW (22% each). A further 19% were from Queensland.



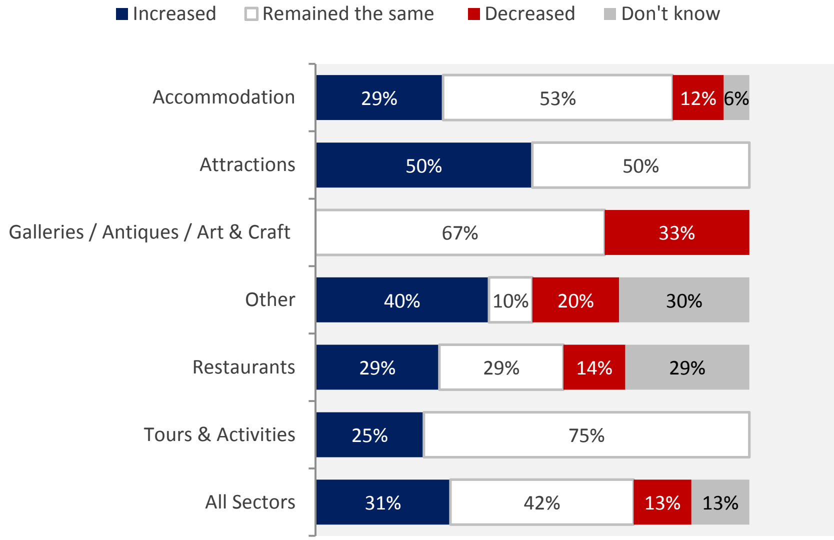
CHANGE IN INTERSTATE VISITATION – PAST 5 YEARS BY SECTOR

Overall, 42% of the surveyed businesses in Bass Coast Shire did not experience any change in interstate visitation in the past 5 years. A further 31% reported they experienced an increase in interstate visitation.

Attractions had the highest proportion of businesses (50%) that reported an increase in interstate visitation in the past 5 years.

Tours & Activities had the highest proportion of businesses (75%) that reported their interstate visitation remained the same in the past 5 years.

Approximately 30% of businesses in the Other and Restaurants sectors reported a decrease in interstate visitation over the past 5 years.



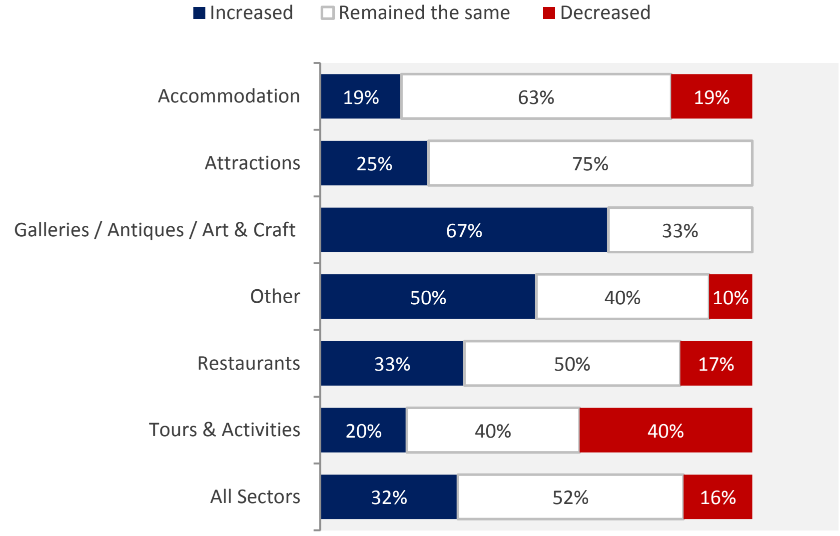
EXPECTED CHANGE IN INTERSTATE VISITATION – NEXT 5 YEARS BY SECTOR

52% of all surveyed businesses expect no change in interstate visitation in the next 5 years.

Attractions had the highest proportion of businesses (75%) that expect interstate visitation to remain the same over the next 5 years,

Galleries/Antiques/Art & Craft had the highest proportion of businesses (67%) that expect their interstate visitation to increase in the next 5 years, followed by Other businesses (50%).

40% of businesses in the Tours & Activities sector expect their interstate visitation to decrease.



4.7.5. INTERNATIONAL VISITORS

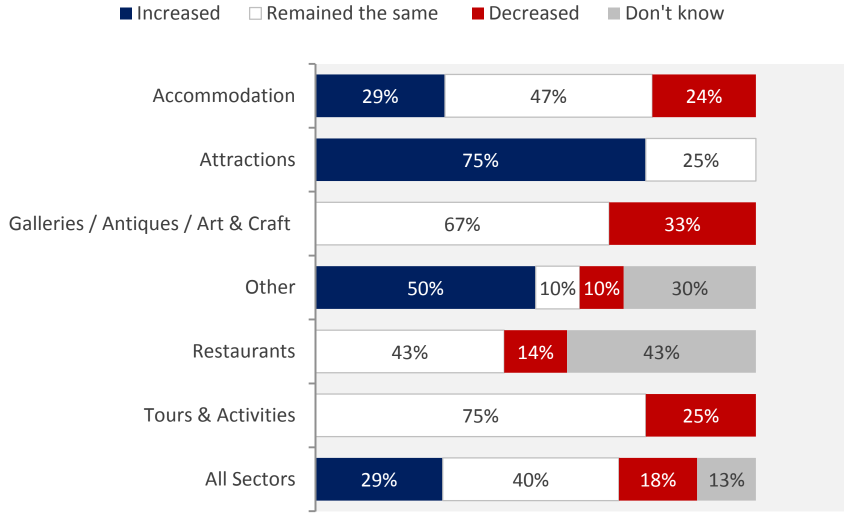
CHANGE IN INTERNATIONAL VISITORS – PAST 5 YEARS BY SECTOR

Across all sectors, 40% of the businesses reported there was no change for their international visitation in the past 5 years. A further 29% indicated that international visitation increased in the past 5 years. 18% of businesses reported a decrease for their international visitation.

Attractions reported the highest proportion of businesses indicating an increase in international visitation in the past 5 years at 75%, followed by Other businesses at 50%.

Tours & Activities had the highest proportion of businesses reporting no change in international visitation in the past 5 years (75%).

Galleries/Antiques/Art & Craft reported the highest proportion of businesses indicating a decrease in international visitation in the last 5 years (33%).



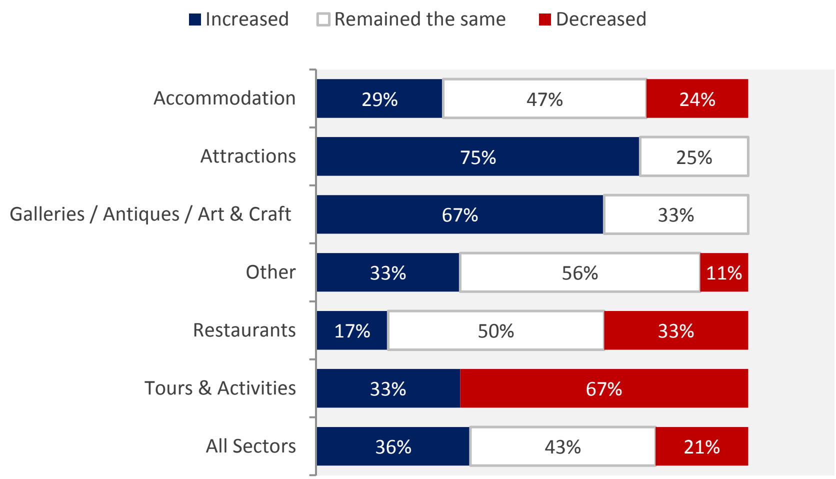
CHANGE IN INTERNATIONAL VISITORS – NEXT 5 YEARS BY SECTOR

43% of businesses in Bass Coast expect their international visitation to remain the same in the next 5 years. A further 36% expect their international visitation to increase in the next 5 years, therefore a net 15% of businesses are expecting an increase in international visitors.

75% of businesses in the Attractions sector expect an increase in international visitation in the next 5 years, followed by Galleries/Antiques/Art & Craft, at 67%.

Over half of businesses in Other and Restaurants expect no change in their international visitation.

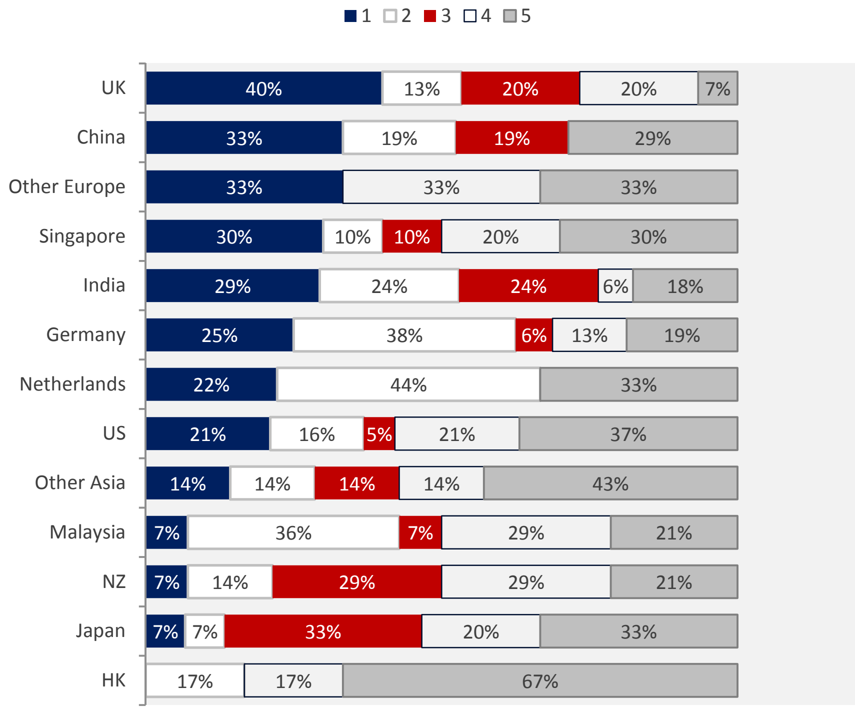
67% of businesses in Tours & Activities expect a decrease in international visitation in the next 5 years, the highest of all sectors in 2011.



INTERNATIONAL MARKETS – IMPORTANCE

Survey respondents ranked their international markets in importance, from 1 as the most important through to 5 as the least important.

In 2011, the United Kingdom was identified as the most important market for Bass Coast businesses. Other important markets include China, Other Europe, Singapore and India.

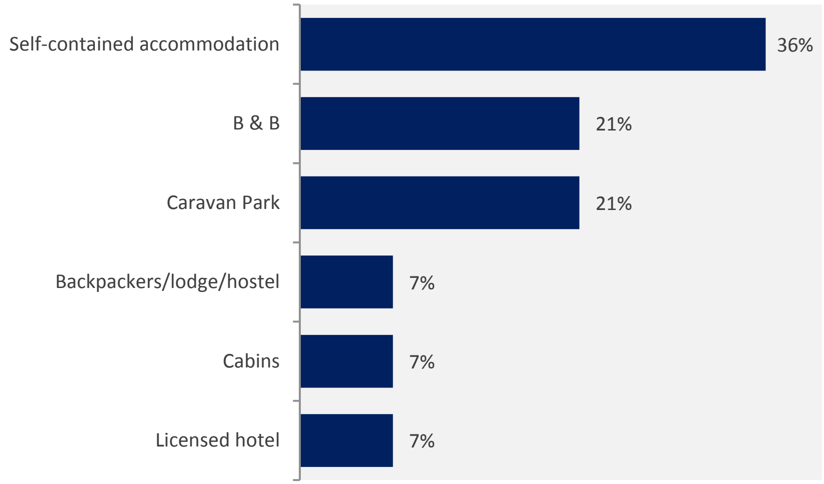


4.8. ACCOMMODATION

4.8.1. ACCOMMODATION OPERATORS

Of the total responses, 20% were accommodation operators.

Of the accommodation operators that responded to the survey, 36% were self-contained accommodation, 21% were B & B and a further 21% were Caravan Park. These make up approximately 80% of all accommodation operator types.



4.8.2. ACCOMMODATION CAPACITY

AVERAGE NUMBER OF ROOMS/SITES

In 2011, accommodation operators reported an average number of 1.7 rooms and 12.7 units/apartments/cabins/houses/self-contained cottages. The average number of camping sites for surveyed Caravan Parks was 94.7 sites.

	Rooms	Units/Apartments/Cabins/Houses/Self-contain cottages	Caravan/camping sites
B & B	4.3	1	
Caravan Park	2.0	21	94.7
Self-contained accommodation	2.0	152	
Other*	15.7	4	
Total Average	1.7	13	94.7

** Other includes backpackers, licensed hotel and cabins.*

AVERAGE NUMBER OF BEDS

The survey indicates that the average number of beds each accommodation establishment had in 2011 was 23 beds.

Caravan Park had the highest average number of beds in 2011 (76) followed by other accommodation types (14 beds).

On average, the majority of beds in businesses that responded to the survey were single/bunk beds, this is in part due to the high average in Caravan parks.

	Single/bunk beds	Double/queens/king size beds	Total
Bed & breakfast	2.0	3.0	5.0
Caravan Park	55.3	20.3	75.7
Self-contained accommodation	4.4	2.6	7.0
Other*	26.0	15.0	13.7
Total Average	**6.3**	**2.9**	**22.7**

** Other includes backpackers, licensed hotel and cabins.*

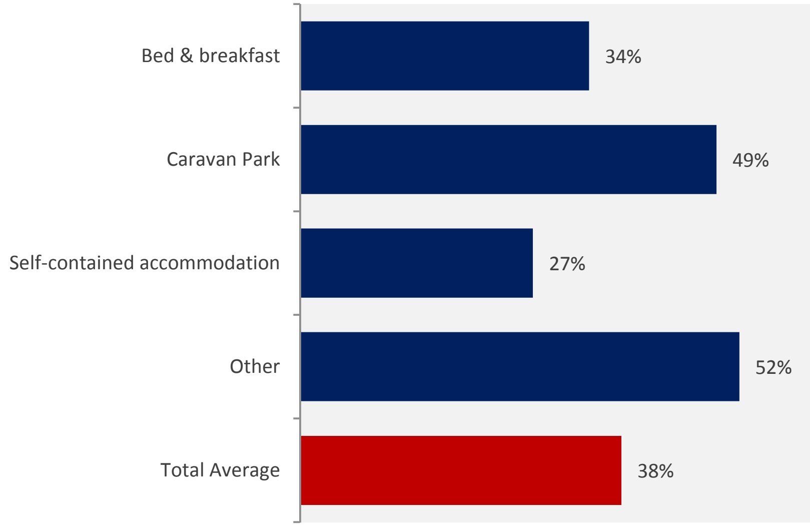
4.8.3. OCCUPANCY

AVERAGE OCCUPANCY RATES 2011

On average across all accommodation operators who responded to the survey, the average occupancy rate in 2011 was 38%.

Other accommodation types such as backpackers and licensed hotel and cabins, had the highest average occupancy rate in 2011, at 52%. This is followed by Caravan Parks with a 49% occupancy rate.

Self-contained accommodation had the lowest occupancy rate of all accommodation types, which corresponded with its low average number of room nights in 2011.

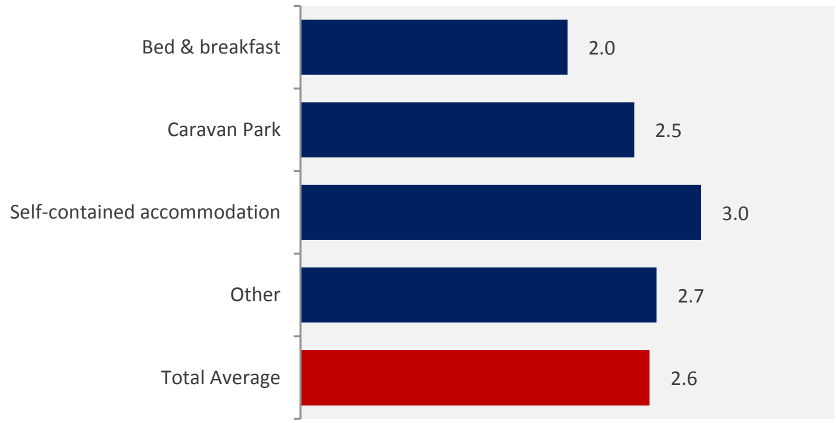


** Other includes backpackers, licensed hotel and cabins.*

AVERAGE NUMBER OF GUESTS PER ROOM 2011

On average across all surveyed accommodation operators, the average number of guests per room in 2011 was 2.6 persons.

Self-contained accommodation had the highest average number of guests per room in 2011, at 3 persons per room. This is followed by Other accommodation (2.7 persons) and Caravan Park (2.5 persons).



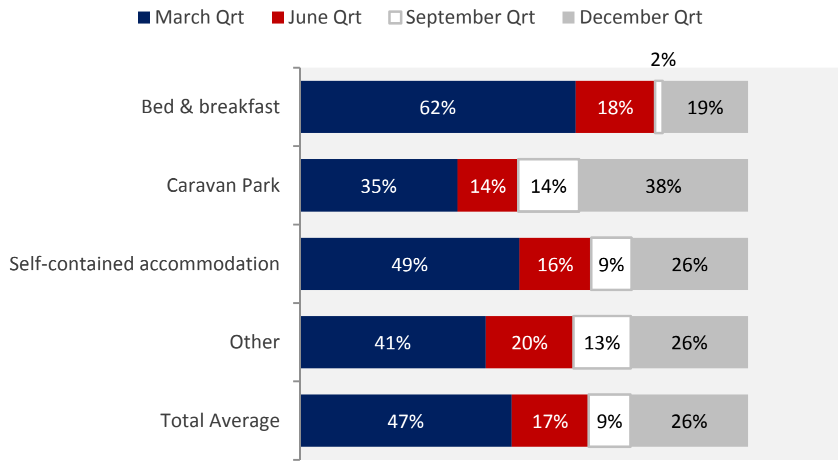
** Other includes backpackers, licensed hotel and cabins.*

4.8.4. SEASONALITY OF ROOM NIGHTS 2011

On average in 2011, 47% of the room nights occurred in the March Quarter, which is usually the peak holiday season. This is followed by the December Quarter at 26%.

Bed & Breakfast had the highest proportion of room nights that occurred during the March quarter in 2011 (62%), followed by self-contained accommodation (49%).

Caravan Parks had the highest proportions of room nights occurring during the September and December Quarters (14% and 38% respectively), followed by other (13% and 26% respectively).



** Other includes backpackers, licensed hotel and cabins.*

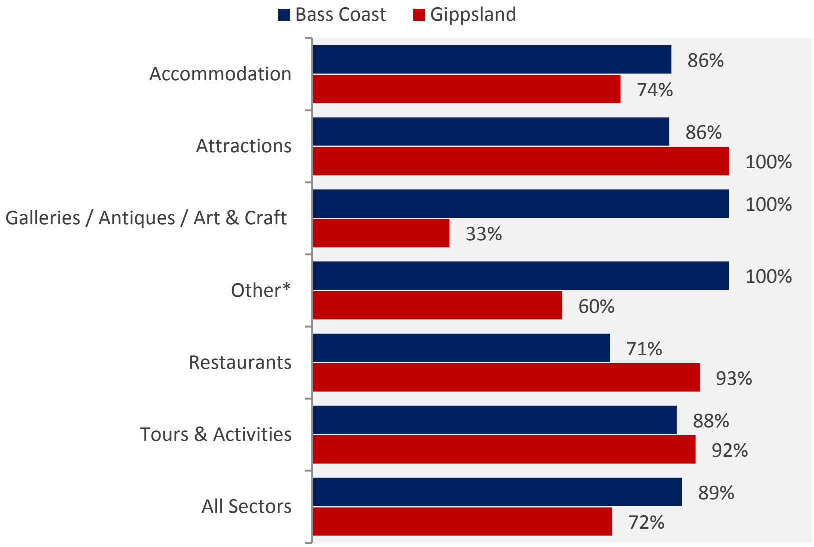
4.9. TOURISM ASSOCIATIONS

4.9.1. LOCAL TOURISM ASSOCIATION (LTA) MEMBERSHIP – BASS COAST & GIPPSLAND

Overall, the survey indicates that 89% of businesses were members of a LTA in 2011. This is higher than the Gippsland average (72%).

The Accommodation and Attractions sectors had the highest proportion of LTA members in 2011 (86%).

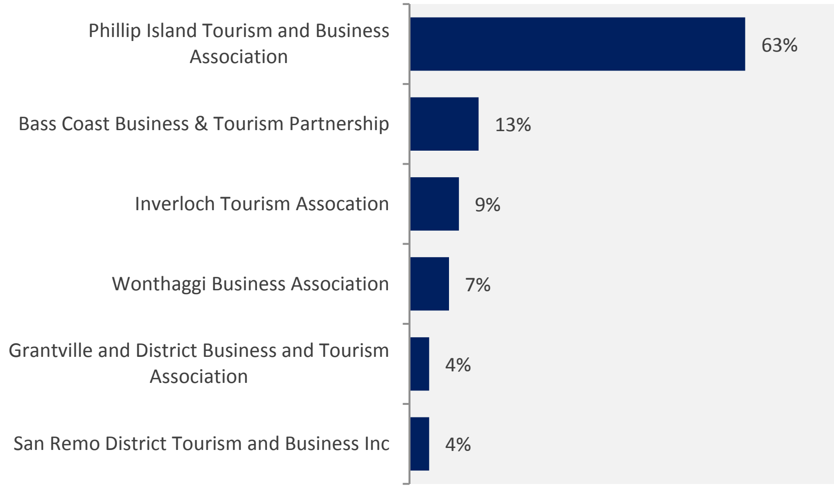
When compared to businesses in Gippsland, Bass Coast had a greater proportion of LTA business members in Accommodation and Other sectors.



** Due to low sample size, Golf businesses are grouped into 'Other'.*

4.9.2. LOCAL TOURISM ASSOCIATION TYPE

A large majority of surveyed businesses in Bass Coast Shire belonged to the Philip Island Tourism and Business Association in 2011 (63%).

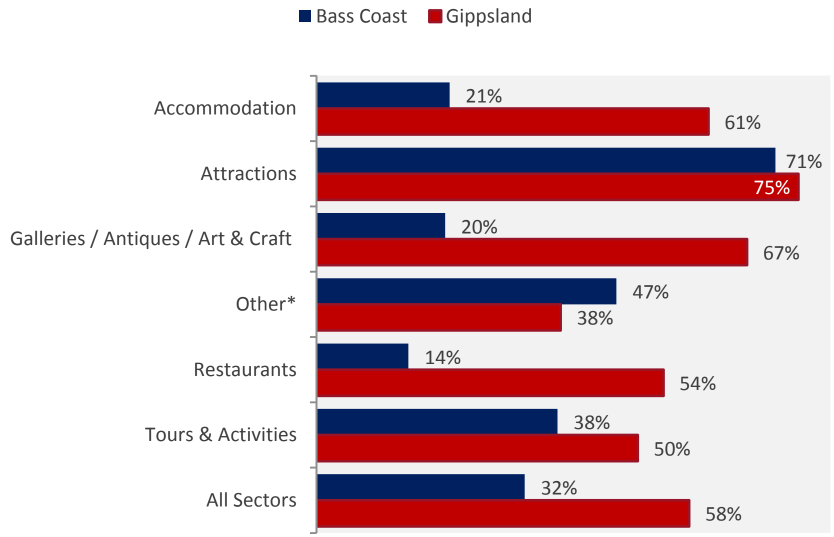


4.9.3. REGIONAL TOURISM ASSOCIATION (RTA) MEMBERSHIP – BASS COAST & GIPPSLAND

Overall, the survey indicates that 32% of businesses in Bass Coast Shire were members of a RTA in 2011. This is significantly lower than the Gippsland average (58%).

Attractions had the highest proportion of businesses that were members of a RTA in 2011 (71%).

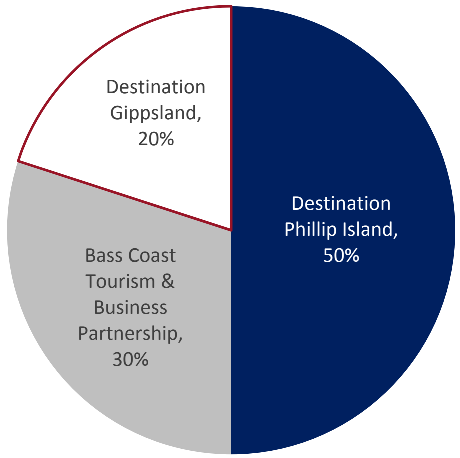
Bass Coast had a significantly lower proportion of RTA business members in Accommodation (21%), Galleries/Antiques/Art & Craft (20%) and Restaurants (14%) sectors, when compared to businesses in Gippsland.



** Due to low sample size, Golf businesses are grouped into 'Other'.*

4.9.4. REGIONAL TOURISM ASSOCIATION TYPE

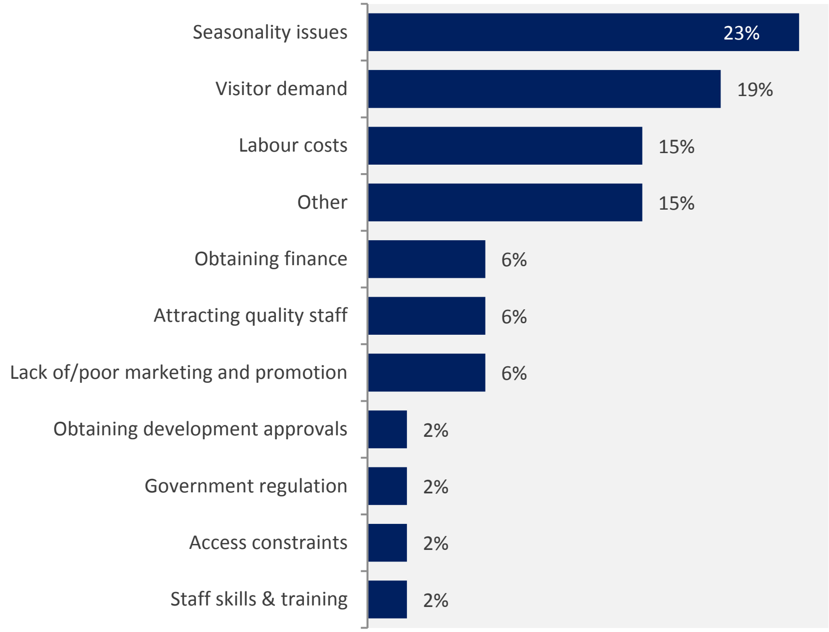
Of the businesses that were members of a RTA, 50% belonged to Destination Philip Island, followed by 30% belonging to Bass Coast Tourism & Business Partnership in 2011.



4.10. CURRENT ISSUES

4.10.1. BARRIERS TO INVESTMENT ALL SECTORS

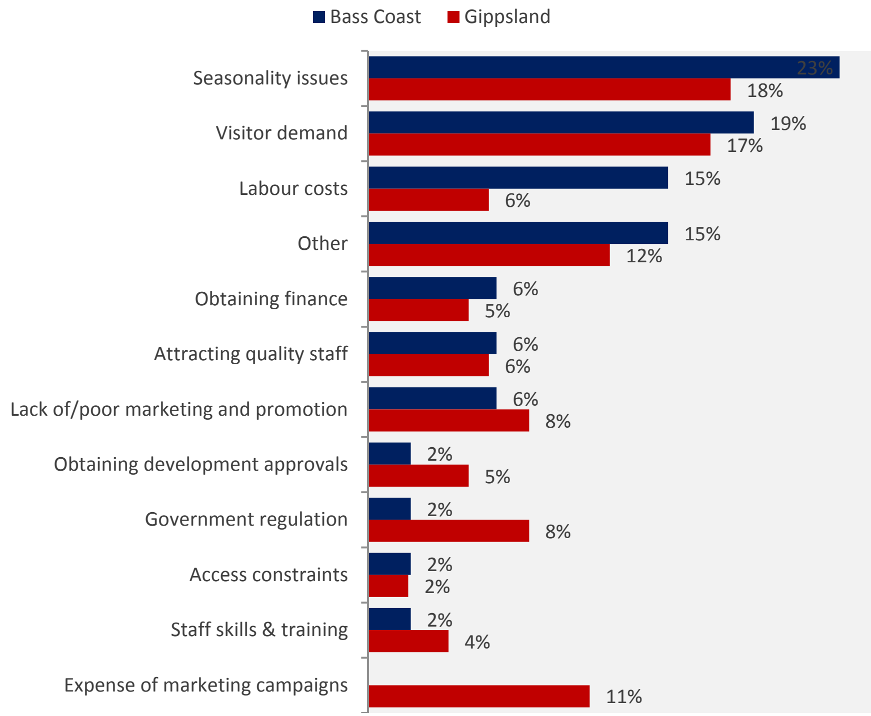
'Seasonality issues' is the most identified barrier to business investment reported by businesses in the Bass Coast Shire in 2011 (23%). This is followed by 'Visitor demand' (19%), 'Labour costs' (15%) and 'Other' (15%).



4.10.2. BARRIERS TO INVESTMENT ALL SECTORS – BASS COAST & GIPPSLAND

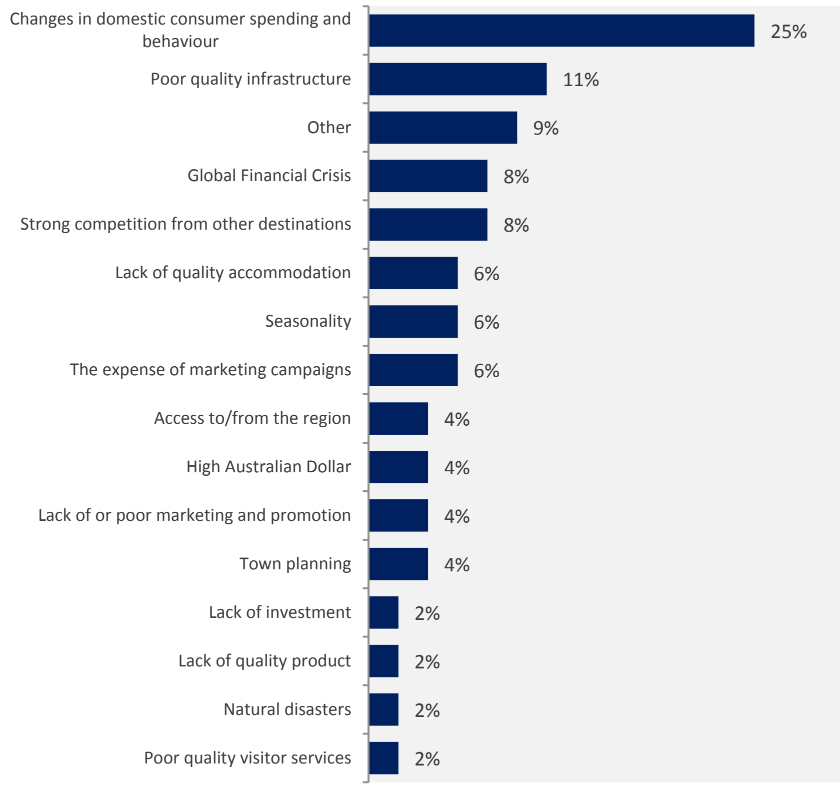
A higher proportion of businesses in Bass Coast Shire reported experiencing seasonality and labour costs barriers when compared to businesses in Gippsland in 2011.

A lower proportion of Bass Coast businesses reported experiencing government regulation, obtaining development approvals and marketing campaign expense barriers when compared to Gippsland businesses in 2011.



BARRIERS TO TOURISM GROWTH IN BASS COAST

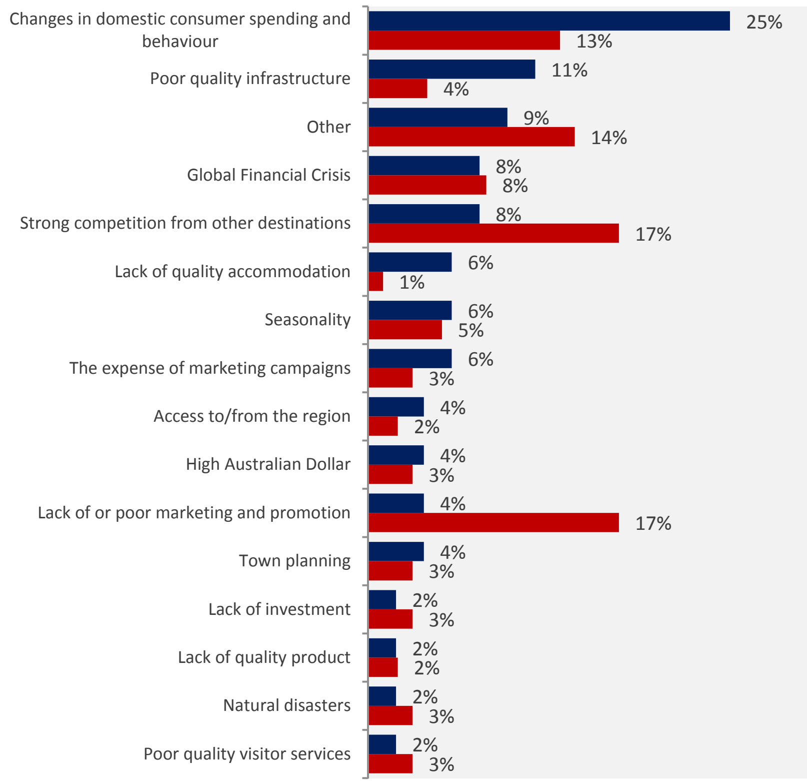
Businesses indicated that the key issue limiting tourism growth in Bass Coast Shire in 2011 was changes in domestic consumer spending and behaviour (25%). This is followed by poor quality infrastructure (11%).



4.10.3. KEY ISSUES LIMITING TOURISM GROWTH – BASS COAST VS GIPPSLAND

When compared to Gippsland, a greater proportion of businesses indicated that the changing domestic consumer spending behaviour (25%) and poor quality infrastructure (11%) were the most significant issues limiting tourism growth in the Bass Coast Shire in 2011.

The key issues limiting tourism growth in Gippsland were strong competition (17%) and lack of or poor marketing and promotion (17%). When compared to Bass Coast, the proportions were significantly lower (8% and 4% respectively).



APPENDIX A

INPUT-OUTPUT MODEL

INTRODUCTION

The following section provides the description of use and methodology of the economic impact assessment through a regional input-output table. Urban Enterprise has constructed regional specific input-output multipliers for the areas within the Bass Coast Shire.

WHAT IS AN INPUT-OUTPUT TABLE?

An Input-Output (I-O) table fulfils two key functions; it is a descriptive framework for showing the relationship between industries and sectors and between inputs and outputs in an economy. It is also an analytical tool for measuring the impact of autonomous disturbances on an economy's output, employment and income. Utilising the Leontief Inverse and several other augmentation methods, the economic impact of expenditure in the region can be depicted through the I-O model.

INPUT-OUTPUT MODEL METHODOLOGY

As regional input-output models are not readily available, top-down techniques drawing and modifying direct import coefficients from the most recent 2006-2007 Australian National I-O tables are necessary to study the economic affects within small regional areas.

The report will further utilise input-output model technique from Flegg and Webber (2000), the Augmented Flegg Location Quotient (AFLQ) adjustment technique to construct a Regional Input-Output Table[1]. The AFLQ adjustment technique will allow for accounting the regional industry mix of the region, the relative size of the region's economy and cross industry relationships.

The report will utilise the ABS 2007 Input-Output Industry Groups (IOIG) consisting of 111 industry sectors for the economic impact analysis. The Total Economic Impact is constructed through three categories:

- **Initial Output Effects** - the estimated initial expenditure on the general regional economy.
- **Production Induced Effects** - this is the estimated impact of the Initial Output Effects on the general economy. The Production Induced Effects are made up of two components:
  - The First Round Effects - is the amount of output required from all industries of the economy to product the Initial Output Effect; and
  - Industrial Support Effects - the effects of the second and subsequent rounds of induced production;
- **Consumption Induced Effects** - the induced production of extra goods and services as a result of private final consumption expenditure of households affected by the initial output affects.

[1]Flegg. A.T., Webber, C.D., and Elliot, M.V., 1995, On The Appropriate Use of Location-Quotients In Generating Regional Input-Output Tables, Regional Studies, Vol. 29, No. 6,