Prom Country
Economic Impact and Visitor Profile

2012/13

REPORT PRODUCED FOR SOUTH GIPPSLAND SHIRE COUNCIL

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The views expressed in this publication are those of the researchers commissioned to undertake this research for the South Gippsland Shire Council.

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1 Executive Summary

This report, commissioned by the South Gippsland Shire Council, provides a detailed profile of visitors to South Gippsland, often referred to as Prom Country, over the summer, autumn and winter of 2012 / 2013 and explores the economic impact of tourism in this region taking into account seasonal variation.

1.1 Summary of secondary data

A summary of information available via secondary data sources to assess the economic value to tourism in South Gippsland is provided.

The economy of South Gippsland Shire is outlined. Secondary visitor data is examined and reveals that across 10 years international visitor numbers and nights are fairly consistent however domestic visitor numbers and nights have fluctuated being highest in 2003 to 2006 and lowest in 2009 (linked to bushfires). Day trip visits have increased in recent years, the latest 5-year average being 10% higher than the 10-year average.

Tourism expenditure is discussed however limited secondary data is available to inform expenditure in South Gippsland Shire. For comparative purposes, it is reported that in Victoria:

- average day trip expenditure per person is $100;
- average overnight domestic expenditure per person per night is $185; and
- average overnight international expenditure per person per night is $98.

Tourism Satellite Accounts for Victoria report on the economic contribution of both tourism direct expenditure and the indirect contribution generated from tourism and reveal that tourism contributed $8 billion directly and $19 billion in total to Victoria's Gross State Product in 2011-12.

1.2 What we did

Primary data collection undertaken for this project used qualitative and quantitative methods. Interviews were undertaken with 16 South Gippsland tourism operators to seek in-depth information on the local economic contribution of their businesses, their motivations and business constraints. We also collected information from visitors to South Gippsland on their expenditure, visitor characteristics and behaviour and their opinions, via questionnaires and online surveys. A total of 1029 usable surveys were collected.

The autumn data collection resulted in 288 usable responses. The winter data collection achieved a total of 178 usable responses. This was in addition to 563 usable surveys completed by summer visitors.

The resulting data was analysed by season and in comparison across summer, autumn and winter to identify differences and similarities in visitor characteristics and behaviours.

1.3 What we found

1.3.1 Interviews with tourism operators

The interviews aimed to inform knowledge and understanding of the economic flow on effects of tourism to South Gippsland, and the impact of natural disasters that had occurred in the region. Key findings include:

Employment

- Small B&Bs do not tend to employ additional staff and are fully owner operated;

- many staff in restaurants and cafes are employed on a casual basis from this local region;
- work is seasonal with additional casual staff employed over summer;
- it is difficult to attract chefs to work in the region;
- Wilson's Promontory National Park is the largest tourism employer in the region.

Importance of tourism

- Most accommodation providers rely on tourism for 80 to 100% of their revenue;
- restaurants estimate 80% of customers are tourists;
- cafes estimate 20% of customers are tourists;
- reliance on tourism varies from 60% of visitation to a local government attraction, 80% of revenue to a winery and 100% of visitation to Wilson's Promontory.

Occupancy

- The busiest months for accommodation providers is December to January;
- some experience an extended high season from September to April;
- most accommodation providers experience low occupancy over winter;
- annual occupancy is in the range of 35-50% apart from in Wilson's Promontory where it is in the range of 55-70%;
- low occupancy over winter impacts on annual revenue and business development.

Supporting the local economy

- Operators report strong local support in sourcing food produce and other products and employ local tradespeople.

Investment

- Operators reported low levels of investment in infrastructure and concern about low occupancy over winter and the slow economy as a constraint to investment.

Impact of natural disasters

- Operators reported that while they were significantly impacted by the 2011 floods in terms of visitor numbers, business growth remained steady over the past 5 years.
- The closure of Wilson's Promontory in 2011 impacted on many tourism operators and alerted them to the need for the region to promote a more diverse range of products.
- Response to the disaster was varied among operators; direct communication with clients was an effective strategy and the importance of strategic marketing communications was noted.

1.3.2 Quantitative Visitor Survey Results

Economic contribution of tourism

This study explored the economic impact of tourism to the South Gippsland region and found the following:

- in summer 95% of groups were 5 adults or less, in autumn/winter the same proportion of groups were 6 adults or less (excluding tour groups);
- in summer 95% of respondents stayed 13 nights or less; in autumn/winter maximum trip length was 10 nights;
- average number of nights spent in summer was higher at 3.7 than in autumn (2.8) and winter (2.5);
- average adult group size was similar across all seasons ranging from 2.1 to 2.4 persons;
- average spend per travel party on overnight trips was $639 per trip and $161 per day trip;
- per overnight trip average spend was highest in summer ($707) as was per person spend ($307);
- per person per night spend was highest in winter ($127), summer ($99)and autumn ($97) spend was similar;

- average expenditure per person per night for international visitors was higher ($95 to $128) than for domestic visitors in summer and across all seasons ($93 to $106);
- per person expenditure for day trippers was highest in winter ($80) than for summer ($42) and autumn ($57), and was $56 for all seasons;
- accommodation is the largest expenditure item however 27% of overnight visitors spent no money on accommodation;
- 30% of overnight visitors did not spend money on take-away or restaurant food and 32% did not buy groceries in Prom Country;
- estimated total tourist expenditure in South Gippsland in a year is $123 million.

The direct contribution from tourism to gross regional product is $45 million however the flow on effect of this supports a total of $101 million in gross regional product.

- direct tourism employment in South Gippsland accounts for 646 jobs;
- total tourism employment, including indirect tourism employment is 1,056 jobs;

In summary, tourists do bring money into the region at a rate for travel parties of around $640 per overnight trip and $161 per day trip. The combined seasons' results indicate that expenditure by overnight visitors is low relative to Victoria as a whole but similar to other coastal regions. The day trip estimate for combined seasons is also low compared to all Victorian regions.

Demographic profile of visitors

Analysis of the demographic profile revealed:

- gender representation is similar across all seasons;
- the age of visitors of summer is evenly spread across age groups however in autumn and winter 74% and 71% respectively were over 41;
- similar proportions of the sample were married or in a de-facto situation across all seasons – 84% in autumn, 86% in winter and 88% in summer;
- 58% of autumn visitors and 64% of winter visitors were empty nesters;
- across all seasons a high proportion of visitors were travelling as a couple;
- international visitation across the seasons was slightly higher in summer (18%) than autumn (15%) and winter (13%);
- interstate visitation to Prom Country is lower in the autumn (20%) and winter (16%) months than in summer;
- almost 25% of autumn visitors were retired compared to 20% of winter visitors;
- household income of visitors was less than $100,000 for over half the autumn sample and for nearly 50% of the winter sample;
- 20% to 25% of autumn/winter visitors are quite affluent in terms of household income.

Pre-trip planning

Examining pre-trip visitor behaviour, the data revealed the following:

- visitor trip planning was similar across all seasons with the Internet being the number one source of information followed closely by family and friends; and
- accommodation is predominantly booked directly with the operator or online.

Visitor travel behaviours

The travel behaviours of visitors while visiting Prom Country were explored in the survey and analysis of the data found that:

- across autumn and winter 65% of visitors were visiting for the first time however in summer 63% of respondents were repeat visitors;
- across all three seasons, approximately 28% of visitors visit at least once a year;
- accommodation choice differed in autumn and winter to the summer months with 25% of respondents staying in hotels or B&Bs and 26% in self-contained accommodation with only 23% staying in camping and caravan accommodation in autumn and very few in winter compared to 44% in summer;
- only 3% of autumn visitors stay in Wilson's Promontory compared to 37% in summer; visitors are well dispersed throughout the South Gippsland region in autumn and winter;
- Wilson's Promontory remains the most popular place for visitors in autumn and winter;
- half of the respondents across all seasons were travelling as a couple;
- 45% of autumn visitors and 34% of winter visitors were travelling to other parts of Victoria as part of their trip. In both cases more than half of these visitors were travelling either to or from Phillip Island;
- the most popular autumn and winter activities were scenic drives, exploring local wildlife, hiking and dining out; in autumn 48% or respondents engaged in swimming and beach activities compared to 70% in summer
- Wilson's Promontory is the most visited attraction across all seasons, in autumn the second most visited site is Coal Creek and in Winter, Agnes Falls
- awareness of the Grand Ridge Road among autumn/winter visitors is low – 13% were unaware;
- rest and relaxation is the biggest motivator for autumn visitors closely followed by the desire to experience nature; in winter and summer, nature is number one, followed by rest and relaxation;
- the majority of autumn visitors were satisfied or very satisfied with most of the regions attributes however were less satisfied with mobile reception, the condition of the roads and variety of shops, food and beverage; winter visitors were less satisfied overall;
- notably the friendliness of local business is rated lower in autumn than in winter and summer;

The market profile of Prom Country visitor is found to be similar across the summer, autumn and winter seasons indicating that seasonal promotional campaigns need not differ dramatically.

1.3.3 Recommendations

Recommendations resulting from this study include:

Destination Management

- product development is needed to grow visitation over the autumn/winter months which in turn would allow tourism operators to develop their business;
- PCRT or SGSC emphasise and enforce the importance of collaboration among tourism operators and facilitate educative and training opportunities to enable this;
- assign more resources to PCRT to allow for the education and recruitment of new members to address declining membership;
- to increase tourist awareness of a more diverse range of attractions in is recommended that PCRT assign some of its marketing budget to incorporate those attractions that tourists are less aware of;
- inter-regional marketing opportunities should be explored to cross promote

product offering with other destinations on the Prom Country visitor's travel route;
- the condition of the roads must be addressed for the safety of visitors.

Product Development and Investment Opportunities

- develop information on investment opportunities for use by local and state government investment advisory agencies;
- improve current and invest in new food and beverage outlets to increase expenditure and expand product offering;
- introduce guided tours through the national parks and other natural attractions to stimulate spending – this may be attractive to the large number of mature age visitors in autumn and winter;
- PCRT liaise with Melbourne coach companies to develop daytrip and overnight itineraries that include accommodation, restaurants and attractions;
- itineraries for self-drive visitors should also be developed to promote and encourage visitation to the regions natural attractions that are less well known and enhance visitor dispersal;
- develop a range of interpretive products such as guidebooks, informative touring maps and audio devices that provide commentary on local attractions to encourage people to spend time in local townships and visit a more diverse range of attractions, increasing visitor expenditure and satisfaction.

Promotion

- enhancements to the current mobile phone application to include functionality that facilitates itinerary planning aligned with visitor motives and demographics whereby visitors considering a trip to the region could enter their details (which in turn provides market intelligence to PCRT) and preferences and the application could present the ideal itinerary including where to stay, where to eat, what to see and how long they should stay. This has the potential to not only increase satisfaction but increase expenditure and length of stay;
- the region's food and wine providers should give heightened attention to marketing and promotional campaigns during the non-summer periods as well as any other 'indoor' attractions;
- finally an internal (intraregional) promotion campaign that communicates the importance of tourism and of the commitment to providing good customer service, not just from those working directly in tourism but all business operators in the region, will raise awareness among those who perceive themselves as having no affiliation with the tourism industry to the importance of all visitors to the region and its economy.

2 Introduction

This study was commissioned by the South Gippsland Shire Council (SGSC) to collect primary data to examine the economic impact of tourism in South Gippsland, otherwise referred to as Prom Country. In particular, SGSC wished to attain detail with regards to visitor spend, visitor numbers and length of stay as well as a detailed profile of the current visitor market, taking into account the seasonal variations that occur between summer, autumn and winter. Across the entire study, a total of 1029 visitors were surveyed.

This report is the second of two and presents the findings from both quantitative data collected over the 2013 autumn and winter seasons and the results of qualitative interviews undertaken with 16 South Gippsland tourism operators.

The report will provide the following information:

1. A comparative analysis of tourist expenditure across the summer, autumn and winter seasons
2. Estimates of the overall contribution of the tourism sector to the South Gippsland Shire economy, taking into account local employment and flow on effects.
3. A practical framework for future economic reporting and benchmarking of tourism in South Gippsland Shire.
4. The impact of natural disasters on tourism operations and how they have overcome any adverse effects.
5. Demographic characteristics of South Gippsland's autumn and winter visitor market.
6. Types of information South Gippsland's autumn and winter visitor market source when planning their trip
7. Detail as to the travel behaviour of South Gippsland's visitors including, activity preference, accommodation, mode of travel, length of stay and travel patterns.
8. A comparative analysis of the characteristics and travel behaviour of South Gippsland's visitors across the summer, autumn and winter seasons.
9. A comparative analysis of the motivations of the visitors across the summer, autumn and winter seasons
10. Detail regarding the visitor's satisfaction with their South Gippsland experience, identifying any notable differences across the three seasons.

Following the presentation of results, a number of recommendations specific to the winter and autumn seasons are made to SGSC to assist in the identification of investment opportunities and growth areas, the development of effective marketing strategies. Feedback from operators relating to the practicality of the recommendations presented in the preliminary report was taken into consideration when compiling the recommendations to enhance their appropriateness to addressing identified issues.

3 Background

This section of the report provides the context for understanding the economic impacts of tourism in South Gippsland by drawing on existing published and unpublished data and reports about the South Gippsland Shire economy as a whole, tourism in Victoria and the Gippsland region, and tourism in South Gippsland Shire.

It is relevant to preface this section with an explanation of how 'tourism' is classified and reported in published sources, as this often limits the amount of information available. According to agencies that study tourism, for example the United Nations World Tourism Organisation and Tourism Research Australia, the size of the 'tourism industry' is defined by expenditure by tourists (UNWTO, 2013; Pham & Kookona 2013). Thus these agencies attempt to quantify tourism expenditure and its economic contribution by including all industries where tourists directly spend money and also where this money flows on to support economic activity. Tourism Satellite Accounts have been developed to assist this quantification and analysis. This includes classification of industries as 'tourism characteristic' and 'tourism connected'[1] industries, depending on the proportion of economic activity driven by expenditure from tourists. A Tourism Satellite Account has now been published for Victoria (Pham & Kookona 2013), and while it is not disaggregated to the scale of regions or shires, relationships between tourism expenditure and direct and flow-on contributions in Victoria can be drawn on to estimate contributions in South Gippsland Shire.

By contrast, standard industry classifications often used for industry and employment statistics do not recognise tourism as a separate industry. Rather, these classifications include the major 'tourism characteristic' industries such as accommodation, transport and retail, without distinguishing how much of their activity is driven by tourists. This latter approach limits the amount of relevant information that can be drawn from standard statistics about South Gippsland Shire.

3.1 The Economy of South Gippsland Shire

According to the Australian Bureau of Statistics the population of South Gippsland Shire was 27,819 in 2012. Of this population, 12,490 people are employed and unemployment was relatively low at 3.7% (ABS, 2011a). Employment in the various industries of the Shire at the 2011 Census is shown in Table 1 (ABS, 2011b

In 2012 Gross Regional Product (GRP) of the Shire was $1,336 million, which was 0.4% of Victoria's Gross State Product (GSP) (ABS, 2012a). The GRP has been relatively steady since 2006. The economy of South Gippsland is predominantly based on primary production (agriculture) and secondary processing (manufacturing), although many tertiary sector businesses have been growing, notably retail trade and tourism-related industries.

[1] Tourism characteristic industries: Industries that would either cease to exist in their present form or be significantly affected if tourism were to cease. In the Australian TSA, for an industry to be a tourism characteristic industry, at least 25 per cent of its output must be consumed by visitors.
Tourism connected industries: Industries, other than tourism characteristic industries, for which a tourism related product is directly identifiable (primary) and where the products are consumed by visitors in volumes which are significant for the visitor and/or the producer. For 'All other industries', some of their products may be consumed by visitors and are included in the calculation of direct tourism GVA and direct tourism GDP (Pham and Kookona, 2013).

3.1.1 Primary Industries:

South Gippsland lies within the West Gippsland Natural Resource Management (NRM) Region[2]. Gross value of agricultural commodities produced in West Gippsland in 2011-12 was $1,390 million, including $793 million from dairy (whole milk) (ABS 2012b). The South Gippsland Shire Council states that dairy farming is the single largest contributor to the Shire's economy and has a gross value from production of $313 million (South Gippsland Shire Council, 2013). Agriculture, Forestry and Fishing is the largest single employment sector in the shire, employing 2,082 people providing 16.7% of the Shire's jobs. Employment in this sector has fallen by over 200 jobs since 2006 (ABS 2011b).

3.1.2 Secondary Industries:

Manufacturing is a significant industry in the Shire and is closely linked to agricultural production, providing major value adding to that sector. There are three dairy facilities in the Shire including one of the largest in the State, further emphasising the strength of the dairy industry (South Gippsland Shire Council, 2013). The number of people employed in manufacturing, construction and transportation were 1,203, 1,208 and 524 respectively in 2011 (ABS 2011b).

3.1.3 Tertiary Industries:

As with all modern economies, the tertiary sector is dominant in terms of employment. In South Gippsland Shire, over 7,000 people are employed in tertiary sectors (not including construction and transport). Retail and Health Care and Social Assistance are the largest employers in this sector. Employment in Accommodation and Food Services has grown since the last census, as has employment in Retail (ABS, 2011b).

As tourism is not separately identified in Census industry sectors, Table 1 has been annotated to include Tourism Characteristic Industries and Tourism Connected Industries as identified in state Tourism Satellite Accounts.

[2] A map of the NRM region is available at http://www.nrm.gov.au/about/nrm/regions/vic-wgip.html

Industry	Number of people employed 2011	% of South Gippsland employed 2011	Change since 2006 census
Agriculture, Forestry & Fishing	2,082	16.7	-213
Mining	109	0.9	+13
Manufacturing	1,203	9.6	+63
Electricity, Gas, Water & Waste Services	211	1.7	+40
Construction	1,208	9.7	+267
Retail Trade*#	1,271	10.2	+74
Wholesale Trade	429	3.9	+80
Accommodation & Food Services*	743	5.9	+125
Transport, Postal & Housing*	524	4.2	+59
Information, Media & Telecommunications	90	0.7	-10
Financial & Insurance Services	188	1.5	+13
Rental, Hiring & Real Estate Services	128	1.0	+18
Professional, Scientific & Technical Services	452	3.6	+94
Administrative & Support Services	268	2.1	+39
Public Administration & Safety	480	3.8	+79
Education & Training#	827	6.6	+19
Health Care & Social Assistance	1,318	10.6	+191
Arts & Recreation Services*	173	1.4	+31
Other Services	443	3.5	+29
Inadequately described/Not stated	280	2.2	-5
Total employed persons aged 15+	12,490	100	+1,006

Table 1: South Gippsland Shire, Employment by Industry, 2011

Source: ABS 2011b Census of Population and Housing

3.2 Visitor Statistics for South Gippsland Shire

The only source of complete data sets, which may represent all visitors to the South Gippsland Shire over a whole year, is Tourism Research Australia's (TRA) International Visitor Survey (TRA, 2013a) and the National Visitor Survey (TRA, 2013b). These national level surveys are supported by the Australian Government and the State Governments as being the prime source of tourism data in this country. As the data are based on surveys, they provide estimates, subject to the usual limitations of moving from samples to estimated population totals. At the small area level, as for a Shire, the samples sizes of the surveys are quite small and in some cases are too small for

* Tourism characteristic industries
# Tourism connected industries (based on Pham and Kookana, 2013)

results to be reported. Data are not published by TRA at a Shire level but are available on request. TRA were able to provide Shire level data for estimated numbers of visitors on day trips and overnight trips (domestic and international), but for annual numbers only. TRA advised that expenditure data were not available at the Shire level due to small sample sizes. The area of the South Gippsland Shire is situated within the Region of Gippsland and is made up of the level 2 Statistical Areas of Foster, Korumburra, Leongatha and Wilsons Promontory[3].

In order to examine any trends and address the small sample size, data were obtained for 10 years. Ten-year averages and 5-year averages were calculated to address the small sample size issue (Driml and McLennan 2010). The most recent 5-year average, from 2008 to 2012, is most relevant for later estimation for total expenditure by tourists in the region. However, there have been two natural disasters in that period. These were bushfires in 2009, and flooding in the Wilsons Promontory National Park in 2011 which damaged visitor infrastructure and access roads. Anecdotal evidence including interviews with park staff and tourism operators is that visitor numbers throughout the Shire were down in those years (see Section 4.1.8). The drop in domestic overnight visitors recorded for 2009 is consistent with this evidence. Both domestic and international visitor numbers dropped in 2011 compared with 2010, but were even lower in 2012. As domestic overnight visitor numbers for the year 2009 were most different to other years, and reliable data are not available for international visitor nights for that year, a 5-year average, excluding 2009 was calculated and is used in the economic analysis.

International visitors and visitor nights have shown to be fairly consistent across the 10 years, but with higher visitor nights in 2006 and 2007. The latest 5-year averages are similar to the 10-year averages.

[3] Tourism Research Australia advise that: The information in this data is presented in good faith and on the basis that neither the Commonwealth, nor its agents or employees, are liable (whether by reason of error, omission, negligence, lack of care or otherwise) to any person for any damage or loss whatsoever which has occurred or may occur in relation to that person taking or not taking (as the case may be) action in respect of any statement, information or advice given in this publication. Data derived from Tourism Research Australia surveys are subject to sample error. Users of the data are advised to consult the sample error tables contained in Tourism Research Australia publications or otherwise available from Tourism Research Australia before drawing any conclusions or inferences, or taking any action, based on the data.

IVS Year ending	Sample size	Visitors	Visitor Nights
2003	58	16,000	42,000
2004	50	15,000	54,000
2005	110	11,000	36,000
2006	139	15,000	74,000
2007	127	13,000	76,000
2008	103	12,000	44,000
2009	100	13,000	*
2010	109	14,000	60,000
2011	111	15,000	64,000
2012	101	13,000	40,000
10 year average#		13,700	54,400
2003 to 2007 average#		14,000	56,400
2008 to 2012 average#		13,400	52,000
2008 to 2012 average, excluding 2009#		13,500	52,000

Table 2: International visitors to South Gippsland Shire

Source: Tourism Research Australia 2013c (unpublished data) © Commonwealth of Australia 2013

Domestic visitor numbers and nights have shown more fluctuation. In particular visitor nights were highest from 2003 through to 2006. The lowest number of visitor nights was experienced in 2009. The 10-year average is however only marginally higher (3%) than the latest 5-year average.

NVS Year	Sample size	Overnight visits	Visitor Nights
2003	125	420,000	1,077,000
2004	115	345,000	975,000
2005	155	337,000	1,028,000
2006	130	314,000	998,000
2007	128	285,000	800,000
2008	133	295,000	958,000
2009	111	263,000	667,000
2010	125	324,000	931,000
2011	121	318,000	834,000
2012	128	276,000	816,000
10 year average#		317,700	908,400
2003 to 2007 average#		340,200	975,600
2008 to 2012 average#		295,200	841,200
2008 to 2012 average, excluding 2009#		303,250	884,700

Table 3: Domestic overnight visitors to South Gippsland Shire

Source: Tourism Research Australia 2013c (unpublished data) © Commonwealth of Australia 2013

The number of people on day trips has shown an opposite trend, with larger numbers in more recent years. The latest 5-year average is 10% higher than the 10-year average.

* This estimate excluded due to questionable accuracy.
\# Calculated for this report

NVS Year	Sample size	Day trips
2003	35	np
2004	30	np
2005	59	479,000
2006	50	368,000
2007	50	386,000
2008	49	487,000
2009	35	np
2010	58	530,000
2011	38	np
2012	55	510,000
10 year average#[#]		460,000
2003 to 2007 average#		411,000
2008 to 2012 average#		509,000
2008 to 2012 average, excluding 2009#		509,000

Table 4: Day Trips to South Gippsland Shire

Source: Tourism Research Australia 2013 (unpublished data) © Commonwealth of Australia 2013.

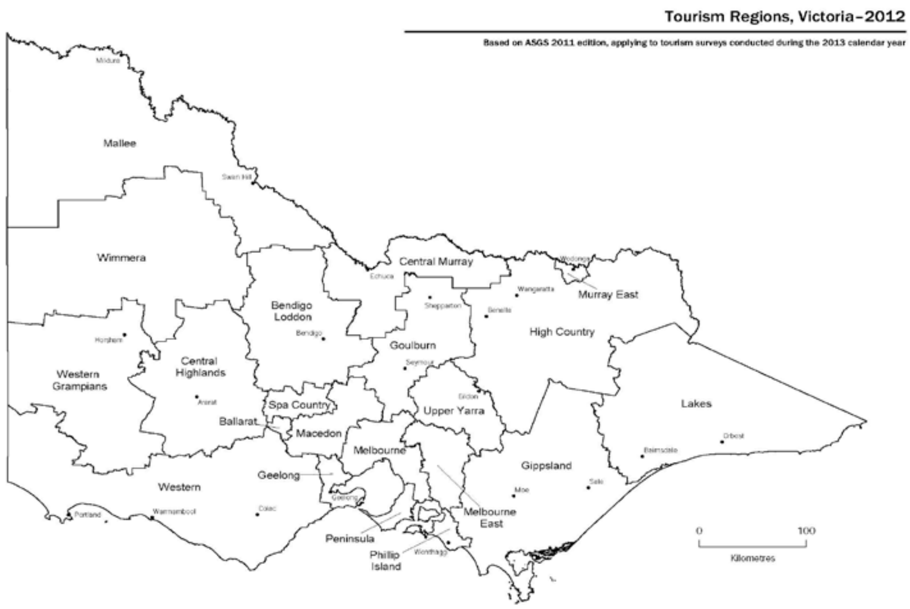
The TRA annual data do not emphasise the distinct seasonality in visitor numbers to South Gippsland. Anecdotal evidence from Wilsons Promontory National Park staff and tourist operators is that visitor numbers are much higher in summer. Operators report having to turn visitors away in summer and the Wilsons Promontory National Park holds a ballot to allocate camping sites. Some operators report the 'tourist season' as running from September to April. More information on the seasonality and its effect on business is presented in the interviews with operators (Section 4.1).

np = not published due to small sample size.
# Calculated for this report

3.3 Tourism Expenditure in Victoria

Tourism Research Australia publishes Regional Profiles (TRA 2013d) based on data gathered via the International Visitor Survey and the National Visitor Survey. [4]

Figure 1: Map of Victoria's tourism regions



The estimates published are for 'average expenditure per person' for a day trip and 'average expenditure per person per night' for domestic and international overnight trips.

Firstly, published results for Victoria and Melbourne are shown in Table 5. Secondly, published results for some coastal regions, including Gippsland, are shown in Table 6.

Average expenditure	Victoria	Melbourne
Day trip: per person	$100	$118
Domestic overnight: per person per night	$185	$299
International overnight: per person per night	$98	$102

Table 5: Average expenditure by tourists, Melbourne and Victoria

Source: Tourism Research Australia, Regional Profiles 2011-21, Melbourne and Victoria

It is clear that for Victoria as a whole, the influence of high expenditure in Melbourne boosts the state average expenditure. However, this means that expenditure in regional Victoria is generally lower than the state average. There are notable differences in the averages between regions. This may be explained partly by different opportunities to spend money in the different regions.

Average expenditure	Gippsland	Peninsula	Phillip Island	Western
Day trip: per person	$80	$65	$111	$96
Domestic overnight: per person per night	$89	$108	$125	$142
International overnight: per person per night	np	$74	np	$143

Table 6: Average expenditure by tourists, Victorian coastal regions

Source: Tourism Research Australia, Regional Profiles 2011-21

[4] Tourism Region Map from ABS 2012c
np =not published

3.4 The Economic Contribution of Tourism

Tourism Satellite Accounts (TSA) present the economic contribution to an economy of 'tourism' as defined by expenditure by tourists. A TSA for Victoria is contained in the TRA report *State Tourism Satellite Accounts 2011-12* (Pham and Kookana 2013). This provides information on the relationships between 'Direct' expenditure by tourists and contribution to Gross State Product (GSP) and employment. The TSA also estimate the 'Indirect' contribution of this expenditure to the economy, via the use of output multipliers. The 'Indirect' contribution is generated as expenditure by tourists flows through to businesses that support tourism businesses. Both the Direct and Total (Direct plus Indirect) contribution of tourism to the economy of Victoria are reported. This information is used later in this report to make estimates of relationships likely to exist in the South Gippsland Shire.

	Direct	Total
Consumption in purchasers prices*	$23,415 m	na
Output#	$19,892 m	$36,851 m
Contribution to Gross State Product	$8,652 m	$19,138 m
Employment: Full and part time jobs	123,000	201,000

Table 7: Victorian Tourism Satellite Account

The output multiplier used in the Victorian Tourism Satellite Account is 1.9. This means that for every $1 of direct output (consumption at basic prices) there is an extra 90c of output in industries supporting tourism. The tourism output multiplier is also 1.9 for all other States except Tasmania and the Northern Territory, which have output multipliers of 2.0. This implies a relatively constant relationship between direct and total output for tourism.

For Victoria as a whole, tourism contributes $8 billion directly and $19 billion in total to Gross State Product. The direct contribution is 2.6% of Victoria's GSP. Around 123,000 people are directly employed in tourism (4.3% of the state's jobs) and tourism supports 201,000 jobs in the state in total.

* Equivalent of expenditure by tourists
# Consumption in basic prices

4 Research Results

This study used both qualitative and quantitative methods to collect the necessary information. The qualitative approach involved face to face interviews with a sample of tourism operators from across the region and representing a number of different tourism related sectors. Details regarding the nature of interviewees are presented in Table 8.

Location	Number of interviewees
- Korumburra	3
- Meeniyan	2
- Yanakie	1
- Foster	3
- Mirboo North	1
- Fish Creek	3
- Toora	1
- Sandy Point	1
- Tidal River	1
Sector	
- Accommodation	11
- Food and Beverage	3
- Attraction	2

Table 8: Characteristics of Operators Interviewed

Interviews were conducted 'on site' over a 4 day period. They were recorded and transcribed using a professional transcription agency, the average interview lasting for 63minutes. The anonymity of interviewees was assured and additional analysis was undertaken to ensure that the opinions and responses reported do not reveal the identity of operators.

The quantitative component replicated that employed in the summer study. However, on review of the data and response patterns from the summer study, modifications were made to the questionnaire to enhance the response rate for some items and simplify the analysis. To ensure the research produced valid data that represented the needs of the region, the items in the survey instrument were guided by prior research conducted in the region and consultation with the Executive Officer of Prom Country Regional Tourism (PCRT) and tourism representatives from South Gippsland Shire Council. A total of 31 questions were included in the questionnaire, some of which included multiple item responses designed to provide the researchers with high level measurement scales which in turn allowed for sophisticated statistical analysis. See Appendix A for a copy of the questionnaire.

4.1 Qualitative Results from Stakeholder Interviews

4.1.1 Economic detail / flow on effects of tourism to the region

The qualitative research included questions to tourism operators aimed to provide a more detailed understanding of the way in which tourism is embedded in the South Gippsland economy and prospects and constraints to tourism development.

4.1.2 Employment

Most of the businesses interviewed are owner-operated and are the main source of earnings for these owner operators. The smallest B&Bs and a winery do not employ anyone else. However, many of the accommodation businesses do employ casual cleaners from amongst the local community. For these casual employees, the opportunity to work in tourism supplements farming and other household income.

The restaurants and cafes included in the survey are owner operated. These businesses require the services of chefs, kitchen staff and front of house staff. Apart from chefs, staff are generally employed on a casual basis and rotated to cover opening times. A small restaurant employs a full time chef, has 8 people working on a busy day and has up to 15 staff working on a rotational basis. A small café has an owner-chef and 8 casual staff. It is noted that it is difficult to attract chefs to work in the region.

A local government owned attraction employs 4 full time staff, 4 casual staff and is assisted by up to 80 volunteers. Wilsons Promontory National Park employs 35 to 45 staff year round with an additional up to 30 staff over summer. Most of these people support visitor services directly or in infrastructure servicing. Some of the visitor information staff are part time. All these Park employees live locally in South Gippsland.

4.1.3 Importance of tourism

Tourism is the main source of income (80% to 100%) for most of the accommodation businesses. An exception is a motel near a regional town which reports that their major business comes from road workers and workers associated with local businesses, but they also cater for international visitors and bus tours.

A winery reports that 80% of sales are to tourists via cellar door sales and subsequent on-line sales. A restaurant and a café both note that their clientele varies with more tourists on the weekend and in summer. The restaurant estimates that 80% of customers are tourists whereas the café estimates that 20% of customers are tourists.

The local government attraction spokesperson reports that 60% of visitors are from outside South Gippsland. The spokesperson for Wilsons Promontory National Park estimates that nearly 100% of visitors are tourists to South Gippsland.

4.1.4 Occupancy

The accommodation businesses all report that summer (December to January) is the high season for visitors; occupancy is high and some operators turn away business over this period. Long weekends (including Easter, Queens Birthday) are also busy. According to some operators, their high season runs from September to April. Winter is a period of low occupancy for all operators interviewed (except one small B&B). Average annual occupancy ranges from 35% to 50% for the accommodation businesses that were able to provide figures. A number of operators report that low occupancy over winter is preventing them from investing and expanding their establishments to take advantage of the opportunities to cater for even more visitors over summer.

Wilsons Promontory National Park is the largest provider of accommodation in the Shire with 480 camping sites, huts, cabins and deluxe permanent tents. In summer demand is so high that there is a ballot to allocate sites for five weeks from Christmas until the end of January. The huts and cabins maintain good occupancy year round, around 90%+ in summer and 60% to 70% in winter. The deluxe tents have 90%+occupancy in summer and average 55% over the year.

4.1.5 Supporting the local economy

All the operators make a genuine attempt to buy locally. Most report that they buy most of their inputs such as food and grocery items locally. This includes whitegoods, as it is generally the case that the stores in Leongatha are competitive with Melbourne. Agricultural supplies are bought locally. Some products such as bottles and corks for the winery, coffee and hotel standard linen are not able to be sourced locally. A restaurant reports buying 90% of food inputs locally and estimates that 50% of the food they serve is actually local produce.

Most operators use local tradespersons for specialised work.

The local government attraction spokesperson estimates that half their inputs of souvenirs, café supplies, general store goods and printers, are sourced locally

Wilsons Promontory National Park is self-sufficient in power and water and waste treatment through facilities on site. However this requires diesel and gas to be brought in from outside South Gippsland. The Park engages local electrical contractors. Cleaning services are contracted out and the current contract is with a company from outside South Gippsland but which employs local people.

4.1.6 Investment

Over three quarters of the operators in the survey have not made any substantial recent investment in their infrastructure. These businesses operate out of old homesteads, houses, older motels, rented premises or established vineyards. Operations with investment over the last 10 years are new or additional accommodation in the form of cabins and B&Bs.

Most operators have no plans to invest in the near future. Only one operator interviewed has definite plans for investment of about $200,000 in facilities. Several operators spoke about the potential for investment in more accommodation to meet summer demand, but feel that the time is not right due to a slow economy and low occupancy over winter. Restaurant and café operators do want to expand their businesses, but initially from current premises.

Three businesses are for sale and in each case; the operators explained that it is time for them to move onto other activities, rather than the sale being due to the businesses not performing well.

A feasibility study is currently being undertaken into developing the site and facilities of the local government attraction.

There has been considerable investment by the Victorian Government in rebuilding facilities in Wilson's Promontory National Park that were damaged by floods in 2011. The flood directly hit the camping and accommodation at Tidal River and most, but not all, accommodation has been restored.

4.1.7 Business motivation

Some operators of smaller B&Bs are motivated to earn some extra income to support a lifestyle in the region and have other income from farming, part time work or retirement income.

All the other commercial operators interviewed are aiming to earn a reasonable income and build a profitable business. Most of these operators report that they are meeting expectations of a reasonable return on their labour and capital investment. Two operators are relatively new and still developing their businesses and so do not know if expectations will be met, however both businesses were growing.

4.1.8 The impact of natural disasters on tourism operations

Recent weather events indicate the tourism businesses in South Gippsland in particular are in no way immune to the occurrence of natural disasters to the point that operators in this region almost accept this as a norm rather than an exception. Over the last 4 years South Gippsland has been subject to significant fire and flood events and to this end, during the interviews, operators were asked to comment on the peaks and troughs they had experienced in their business activity over this time. The following themes emerged.

4.1.8.1 A significant impact at the time, but growth has continued to be steady

Quite a number of operators demonstrated operational resilience with many stating that while they noticed a significant decline at the time of and immediately following the floods in 2011, business growth remained relatively steady over the past 5 years. One particular attraction noted a steep decline in school groups but noted this was off-set by an increase in international visitors.

4.1.8.2 Overdependence on the Prom … or not?

One common theme among operators was that the closure of the Prom in 2011 had a significant impact on their business with many linking their recovery with the re-opening of Wilsons Promontory National Park. There were quite a few comments that gave reference to an 'overdependence' on this icon, not only by operators but also by the broader Gippsland regions marketing body. However, the data suggested that operators now have a heightened awareness of this 'overdependence' with some stating that this was perhaps a 'wake up call' for the industry to acknowledge and promote a more diverse range of product in the region.

4.1.8.3 Dealing with the disaster

A few operators demonstrated effective response and recovery strategies and felt satisfied with the success of their actions. Direct communication with the visitor market in relation to the status of the destination (whether it was safe or not) and the status of their operation was mentioned as a successful strategy in terms of minimising cancellations. Another operator, despite not being directly affected by the 2009 fires, put her visitor's safety first and cancelled all existing bookings as a safety precaution – providing full refunds to her visitors. The importance of effective external communication between the 'industry' and the media was also noted as a successful mitigation strategy when responding to negative media reports and subsequent visitor perceptions. The Gippsland region's marketing body was noted as being particularly effective in this area.

4.2 Quantitative Visitor Survey Results

4.2.1 Approach

Data were collected via two methods. The first method included the distribution of a survey pack to tourists visiting the region. This included the questionnaire, an introductory letter and a voucher that entitled the participant to a free coffee on presentation of the completed questionnaire at a nominated food and beverage outlet. The survey packs were distributed by selected operators. An online version of the questionnaire was distributed to members of PCRT's consumer database as an attachment to the quarterly newsletter.

Over the autumn months a total of 195 usable[5] responses were obtained from the hard copy survey and 93 from the online version of the questionnaire, resulting in a total of 288 responses.

Over winter, the study achieved a total of 110 hard copy questionnaires and 68 were completed on line, results in a total of 178 responses.

The data from both waves were analysed separately in the first instance and then notable comparisons were made between characteristics and visitor behaviour of the summer, autumn and winter visitors.

4.2.2 Analysis of Economic Contribution of Tourism to Prom Country

In order to estimate the economic contribution of tourism to Prom Country, respondents to the surveys were asked to estimate how much money they, or their group (travel party), would spend while on their trip, on each of 15 categories of items. These items were developed based on previous research (Driml and McLennan 2010), categories used in surveys conducted by Tourism Research Australia (2013 a, b) and relevance to Prom Country. Respondents were given the option of nominating a money value or to check 'Not Applicable' for each item. For analysis, the data were edited carefully to check that the value of $0 was entered where visitors spent nothing on that item and a 'missing value' was identified where no clear answer was given. For example, for accommodation, many respondents spent $0 and we know from a previous question that they were on a day trip, staying in their own holiday house or with friends, or camping for free. However those who indicated that they stayed in commercial accommodation or the national park, but did not supply a dollar value estimate for accommodation expenditure, were given a 'missing value'.

Respondents were also asked how many people over 15 years of age (termed 'adults' in the rest of this discussion) they were estimating for in their travel party and how many nights their trip was in total. The aim of these two questions was to allow estimation of 'average expenditure per person' and 'average expenditure per person per night'; in order to compare this directly with data published by Tourism Research Australia for tourism regions in Australia.

The variables of number of adults in a travel party and number of nights spent in the region are critical to the estimation of expenditure. Care was taken to avoid mean values being skewed by a few large values for these variables by 'trimming' the data to exclude these outliers. For travel party size, in summer, 95% of groups were of 5 adults or less, and in autumn and winter, 95% of groups were of 6 adults or less. The upper limit of travel party size was set at 6 adults and cases above this were excluded from the economic analysis. The minimum group size was one person. This approach eliminated most tour groups and thus avoided potentially unreliable estimates made by respondents on behalf of large tour groups

In summer, 95% of respondents stayed for 13 nights or less in the region. In autumn and winter, the maximum trip length was 10 nights. Only the summer data were trimmed to exclude trips longer than 13 nights. There were a number of respondents on day trips, so zero nights was a valid response.

[5] The questionnaires were screened for validity and reliability purposes. Any questionnaire that exhibited a pattern of non-representative responses (extreme scores etc) was not included in the analysis.

There were a number of missing values recorded for number of people, number of nights and for individual items of expenditure. While this is unfortunate, it is expected when gathering this type of detailed data, especially by self-administered survey or online. In calculating key expenditure results, all responses with missing values for number of people, number of nights or expenditure on any items were dropped from the analysis. In all cases, the remaining usable sample size is reported. Analysis was undertaken using the Statistical Package for the Social Sciences (SPSS).

4.2.3 Number of adults and number of nights

The average (mean) and most common (mode) numbers of adults in a travel party and numbers of nights in South Gippsland in the data set used in the economic analysis are shown here. These averages differ from the averages used in the rest of the report, as this data for economic analysis does not include children and has been 'trimmed' to exclude high values. In all seasons, for all trip types, the most common (mode) group size was two adults. The average (mean) number of adults in a group for all seasons and trips was very similar, ranging between 2.1 and 2.4 persons.

		Summer	Autumn	Winter	All Seasons
Day Trips	Mean	2.3	2.4	2.3	2.3
	Mode	2	2	2	2
	Sample size	(68)	(35)	(42)	(145)
Overnight Trips	Mean	2.3	2.3	2.1	2.3
	Mode	2	2	2	2
	Sample Size	(393)	(178)	(101)	(672)

Table 9: Average (mean) and most common (mode) number of adults in travel party

The average (mean) number of adults in a group for all seasons and trips was very similar, ranging between 2.1 and 2.4 persons. For overnight trips in all seasons, the most common number of nights spent in Prom Country was 2. However, the average number of nights spent in summer (3.7) was higher than in autumn and winter. (2.8 and 2.5). This is consistent with our understanding of the Prom Country being popular for summer holidays.

		Summer	Autumn	Winter	All Seasons
Overnight Trips	Mean	3.7	2.8	2.5	3.3
	Mode	2	2	2	2
	Sample Size	(408)	(194)	(112)	(714)

Table 10: Average (mean) and most common (mode) number nights per overnight trip

4.2.4 Expenditure on all items

4.2.4.1 Overnight Trips to Prom Country

Per trip average expenditures were highest for summer, as would be expected due to the average number of nights per trip being higher. A difference between the summer and the autumn and winter results can be noted. Per person expenditures in summer were also somewhat higher than for autumn and winter, again expected due to more nights per trip. On a per person per night basis, the summer and autumn average expenditures were similar. The winter average was higher. Table 11 also shows the 95% confidence interval for the all seasons result. This means that we have 95% confidence that the population mean (for all visitors) lies between the lower and upper bound, given the sample size.

Average expenditure	Summer	Autumn	Winter	All Seasons	All Seasons 95% confidence interval	
					Lower bound	Upper bound
Per trip Sample size	$707 (348)	$536 (158)	$562 (93)	$639 (599)	$589	$689
Per person Sample size	$307 (339)	$246 (154)	$268 (87)	$285 (580)	$265	$307
Per person per night Sample size	$99 (339)	$97 (154)	$127 (87)	$103 (580)	$97	$109

Table 11: Average expenditure, all overnight trips

The sample of overnight visitors was split into visitors of domestic (Australian) and international origin to see if there were differences between these groups. Importantly, the 'all seasons' combined data, per person per night, split between domestic and international visitors, are the relevant expenditure measures to use for estimating total expenditure in the region, using TRA estimates of total visitor nights to the region (see below).

The lowest mean expenditure per person per night is by domestic summer visitors. It appears that expenditure by domestic visitors is higher in autumn and winter. For international visitors, the summer sample, with larger sample sizes, exhibits higher expenditure per person per night than for domestic visitors and this flows through to the all seasons estimate. Autumn and winter sample sizes for international visitors are small and therefore it is not appropriate to draw conclusions on these means.

	Summer	Autumn	Winter	All Seasons	All Seasons 95% confidence interval	
					Lower bound	Upper bound
Domestic overnight Sample size	$93 (267)	$101 (121)	$122 (74)	$100 (462)	$93	$106
International overnight Sample size	$120 (71)	$72 (31)	$160 (13)	$112 (115)	$95	$128
All overnight Sample size	$99 (339)	$97 (154)	$127 (87)	$103 (580)	$96	$108

Table 12: Average expenditure per person per night, overnight trips

Based on all seasons: approximately ten percent of respondents spent less than $20 per person per night; approximately thirty percent of respondents spent less than $50 per person per night; and approximately sixty percent of respondents spent $100 or less per person per night.

4.2.4.2 Day trips to Prom Country

The results for day trip and day trip per person expenditure fluctuated across the seasons, however sample sizes for all seasons were relatively small. It is therefore best to focus on the combined 'all seasons' results. This suggests a higher day trip per person expenditure than reported for summer, but this result of $56 is still low in comparison with TRA regional data for Victorian regions (see Section 3).