# Prom Country Tourism Business Survey 2006

JULY 2007

South Gippsland Shire Council



urban ENTERPRISE
URBAN PLANNING · LAND ECONOMICS · TOURISM PLANNING

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# Executive Summary

## HIGHLIGHTS

### TOURISM BUSINESSES

- South Gippsland Shire has 419 tourism businesses employing 1666 persons.
- Tourism businesses invested $9.1 million in capital improvements in the year 2006.
- Nearly three quarters of tourism businesses reported an increase in gross business income in the year 2006.
- 44% of tourism businesses are expecting a further increase in gross business income in the year 2007.
- 47% of customers to tourism businesses came from Metropolitan Melbourne. Tourism businesses consider that the most important interstate market is New South Wales and that the United Kingdom is the most important international market.
- The issue of most concern to tourism businesses is the need to grow off peak visitation to the Shire.

### VISITOR ACCOMMODATION

- South Gippsland Shire has 204 visitor accommodation businesses comprising over 2,500 rooms and 1,400 camping sites.
- Small accommodation businesses dominate the Shire's accommodation stock.
- Accommodation businesses generate over 1 million guest nights per year.
- The average occupancy rate across all accommodation businesses is 31%.
- More than 600 people are employed in accommodation businesses in the Shire.

# KEY FINDINGS

## TOURISM BUSINESSES

Number and Location of Tourism Businesses

- 419 tourism businesses have been identified in the South Gippsland Shire.
- Nearly three quarters of the tourism businesses are classified as either Accommodation or Attractions and Activities.
- Tourism businesses are evenly spread throughout the Shire, with a concentration of businesses in Leongatha and Foster.

Employment in Tourism Businesses

- 1666 persons are employed in tourism businesses in the South Gippsland Shire.

Capital Investment

- Total capital investment by tourism businesses in the South Gippsland Shire is estimated at $9.1 million in the year 2006.
- Tourism business invested the most capital in New Buildings, Renovations / Extensions and Vehicles / Boats.
- Tourism businesses expect to invest an estimated $15.9 million in the year 2007.

Business Income

- Nearly three quarters (73%) of tourism businesses reported an increase in gross business income in the year 2006.
- 44% of tourism businesses predict an increase in gross businesses income in the year 2007.

Customers

- Tourism businesses estimated that 58% of their customers are visitors or holiday home owners.
- Tourism businesses estimated that 47% of their customers are from Metropolitan Melbourne. Only 24% of customers are from the local area. 16% of customers are from interstate or overseas.
- Tourism businesses identified New South Wales as the most important interstate market followed by Queensland and South Australia. The United Kingdom is the most important international market followed by Hong Kong, Germany and China.

Training, Advertising and Other Issues

- 48% of tourism businesses do not undertake formal training for their staff. 21% of tourism businesses require their staff to be trained in Melbourne.

- 22% of tourism businesses required staff to undertake training at a TAFE institution, only 3% of tourism businesses required staff to have obtained a university qualification. 35% of tourism businesses required their staff to undertake a course of training "other" than a TAFE or University course.
- 33% of tourism businesses reported that local training institutions and education courses do not suit their business needs, whilst a further 33% were "not sure" if local training institutions and education courses suited their needs.
- 53% of tourism businesses reported that they do not have a formal business or marketing plan.
- 61% of tourism businesses reported that they advertise with "Prom Country Regional Tourism". Other popular advertising media are the Internet (59% of businesses) and Local Newspapers (43%).
- 42% of tourism businesses have their own website. 63% of tourism businesses make use of the 'South Gippsland / Prom Country Tourism Website'. 80% of tourism businesses have e mail facilities.
- 72% of tourism businesses indicated that they would like to see growth in off peak visitation.

## VISITOR ACCOMMODATION

Number and Location of Visitor Accommodation Businesses

- There are 204 visitor accommodation businesses identified in the South Gippsland Shire. The number of visitor accommodation businesses identified in 2006 was 17 more than in 2004.
- Over half of the visitor accommodation businesses were classified as "self contained."
- The highest concentration of visitor accommodation businesses located within the South Gippsland Shire is in Foster and Yanakie.

Number of Guest Rooms / Camping Sites

- There are a total of 2,538 rooms and camping sites in the South Gippsland Shire. Of this figure there are 1,266 guest rooms and 1,392 camping sites.
- The total number of rooms increased by 112 between 2004 and 2006.
- The average number of rooms per visitor accommodation establishment is seven.

Number of Bed Spaces

- There are a total of 3,367 bed spaces in visitor accommodation businesses. 1,017 of these spaces are contained within Caravan Park / Cabin accommodation, a further 951 bed spaces are in Self Contained accommodation.
- Backpacker accommodation has the highest number of average bed spaces per business (76 spaces), followed by Caravan Park / Cabin (54) and Hotel / Motel (42) accommodation.

Employment

- There are 663 persons employed by visitor accommodation businesses. The number of persons employed increased by 23 between 2004 and 2006.
- Self Contained accommodation employs the most persons (199) followed by Hotels / Motels (184).
- 49% of persons employed by visitor accommodation businesses are employed on a casual basis. Only 29% of persons are employed on a full-time basis, with 22% of persons employed part-time.

Room and Camping Site Nights

- Accommodation businesses generate an estimated 147,800 room nights per year. Camping Sites generate an estimated 189,000 site nights per year. The total number of room / site nights per year increased by over 3,000 nights between 2004 and 2006.
- Caravan Parks / Cabins contribute the most room nights of each of the visitor accommodation types (almost 65,000 room nights).
- Visitor accommodation businesses have an average of 1,654 room nights per year per establishment.
- Caravan Park / Cabin accommodation businesses have the highest average room nights per establishment (3,420 room nights).

Guest Nights

- Visitor accommodation businesses generate just over 1 million guest nights per year, with Camping Sites providing over two thirds of all guest nights.
- The total number of guest nights for visitor accommodation businesses decreased slightly between 2004 and 2006.
- Visitor accommodation businesses generate an average of 4,975 guest nights per year per establishment.
- Caravan Park / Cabin accommodation businesses have the highest average number of guest nights per year per establishment (8,720 guest nights).

Occupancy Rate and Length of Stay

- Visitor accommodation businesses have an average occupancy rate of 31% in 2006.
- Caravan Park / Cabins have the highest occupancy rate, with an average rate of 47% per business.
- Self Contained and Backpacker accommodation have below average occupancy rates with 25% and 27% occupancy rates respectively.

Capital Investment in Accommodation

- Visitor accommodation businesses invested an estimated $4.7 million in capital in 2006. Estimated capital investment increased by 8.3% between 2004 and 2006.

- More than half of this capital investment by visitor accommodation businesses was in new buildings ($2.6 million).
- Self Contained and Caravan Park / Cabin accommodation businesses made the greatest total capital investment in 2006 with both categories investing over $1.5 million.
- Each visitor accommodation business invested an average of just over $23,000 in capital in 2006.
- Caravan Park / Cabin accommodation businesses had the highest average capital investment of each of the visitor accommodation categories ($97,000 per business) followed by Hotel / Motel businesses ($42,000).

# 1 Introduction

## 1.1 OVERVIEW

This report provides an analysis of tourism businesses and visitor accommodation in the South Gippsland Shire.

## 1.2 METHODOLOGY

Tourism Business Survey

Tourism businesses were identified using databases provided by the South Gippsland Shire.

419 tourism businesses were sent a survey, which collected the following information for all businesses:

- Type of business;
- Persons employed;
- Capital investment;
- Performance of business;
- Marketing habits;
- Current issues affecting tourism businesses.

Visitor Accommodation Survey

Of these tourism businesses 204 visitor accommodation businesses were identified. The survey asked the visitor accommodation business for further information relating to:

- Type of accommodation;
- Persons employed;
- Number of rooms and beds;
- Room nights;
- Occupancy Rate;
- Capital investment;

- Guest Nights;
- Visitor origin.

Current information collected related to the year 2006, and forecasts for the year 2007.

Sample

70 completed responses were received from tourism businesses. Results were extrapolated for missing values to calculate room nights, guest nights, occupancy rates and takings.

The following formula was used for extrapolation:

| Averages for completed surveys | X | Total accommodation in database | = | Total number |
|---|---|---|---|---|

Using the 95% confidence interval, the margin for error for the survey is calculated below 10%. This means that we can be 95% confident that the actual results in the report are within 10% of the results shown.

This is an acceptable error margin for the purposes of this study.

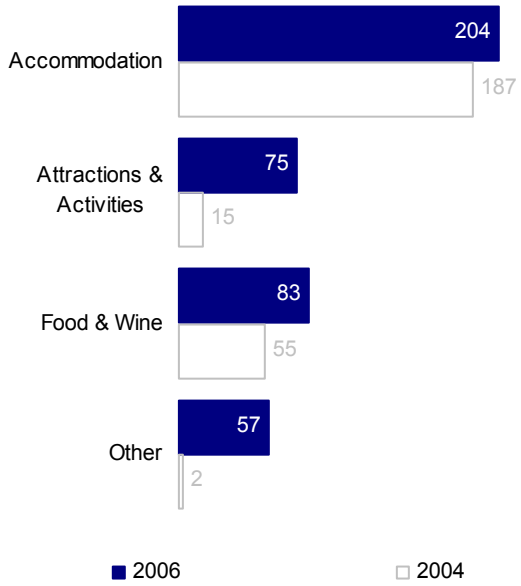
Caravan Parks

Due to the diverse nature of caravan parks, they are categorised into cabins and camping sites in some areas within the visitor accommodation section of this report. Accommodation at Wilson's Promontory National Park is included under caravan parks, cabins, and camping sites.

# 2 Profile of Tourism Businesses

## 2.1 NUMBER AND LOCATION OF TOURISM BUSINESSES

### NUMBER OF TOURISM BUSINESSES




There are 419 tourism businesses identified in the South Gippsland Shire.

Nearly half of the tourism businesses are classified as Accommodation. Food & Wine businesses are the next most common tourism business comprising 20% of tourism businesses.

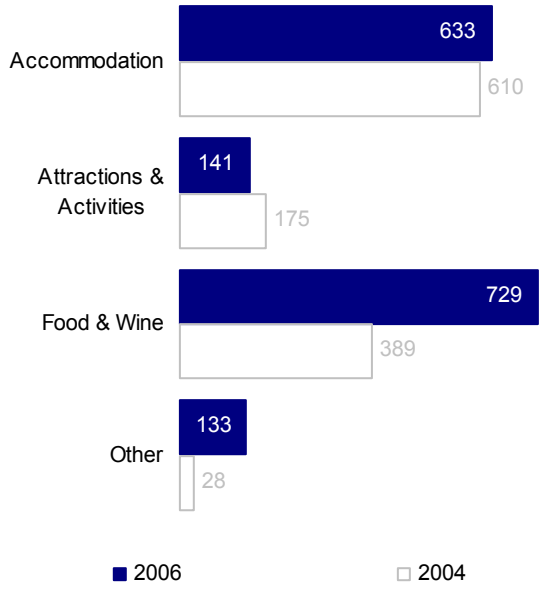
### LOCATION OF TOURISM BUSINESSES

| Location | % of Total |
|---|---|
| Leongatha | 20% |
| Foster | 19% |
| Mirboo North | 9% |
| Yanakie | 7% |
| Fish Creek | 4% |
| Korrumburra | 4% |
| Meeniyan | 4% |
| Sandy Point | 4% |
| Toora | 4% |
| Walkerville | 4% |
| Other (less than 4%) | 21% |

The highest concentration of tourism businesses are in the towns of Leongatha (20%) and Foster (19%).

## 2.2 EMPLOYMENT

### TOTAL NUMBER OF PERSONS EMPLOYED PER SECOR

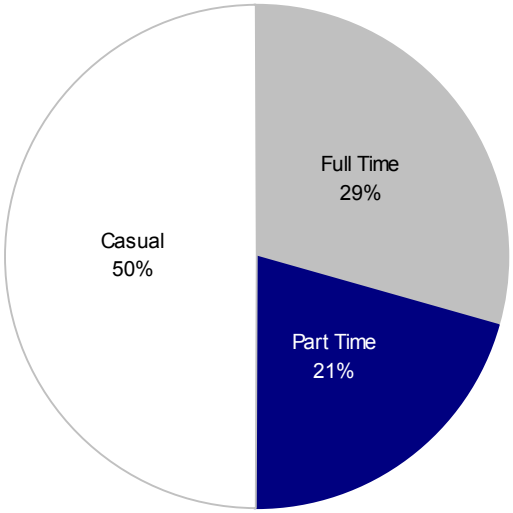



There are 1666 persons employed in tourism businesses in the South Gippsland Shire. Employment numbers include causal staff.

Food & Wine employed the most persons (729), followed by Accommodation (612).

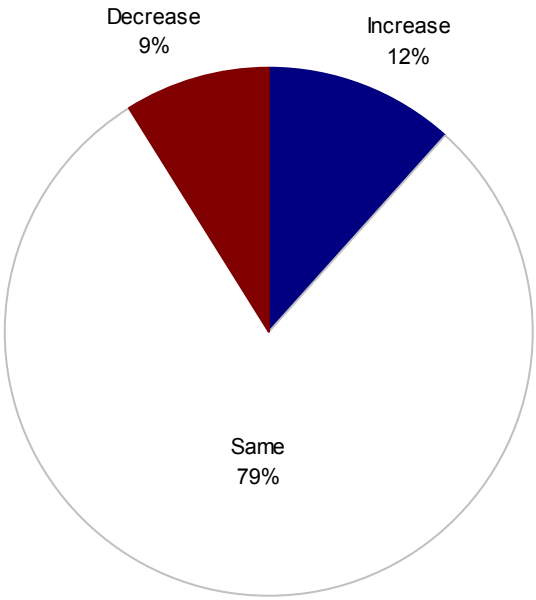
The number of persons employed in tourism businesses increased by 464 between 2004 and 2006. During this period there was a large increase in persons employed in Food & Wine and 'Other' businesses. There was a decline in the number of jobs in Attractions & Activities businesses over this period.

### TYPE OF EMPLOYMENT




50% of persons employed in tourism businesses were employed on a casual basis. 29% of persons are employed full-time.

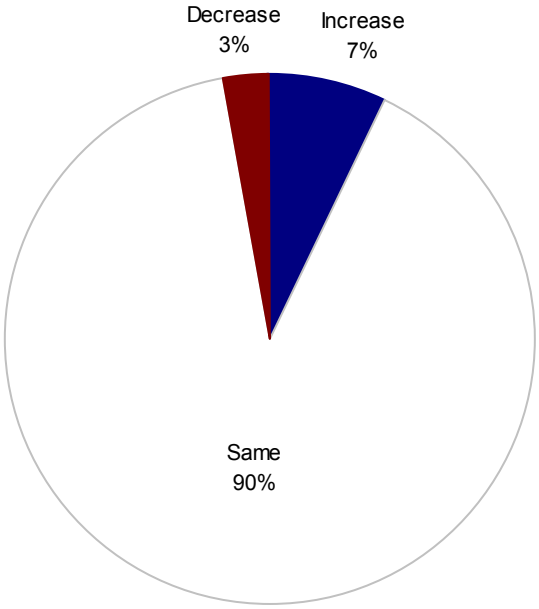
## EMPLOYMENT CHANGE (JANUARY 1 TO DECEMBER 31 2006)




79% of tourism businesses had no change in employment over the year 2006.

12% of tourism businesses experienced an increase in employment.

## FUTURE EMPLOYMENT INTENTIONS (JANUARY 1 TO DECEMBER 31 2007)

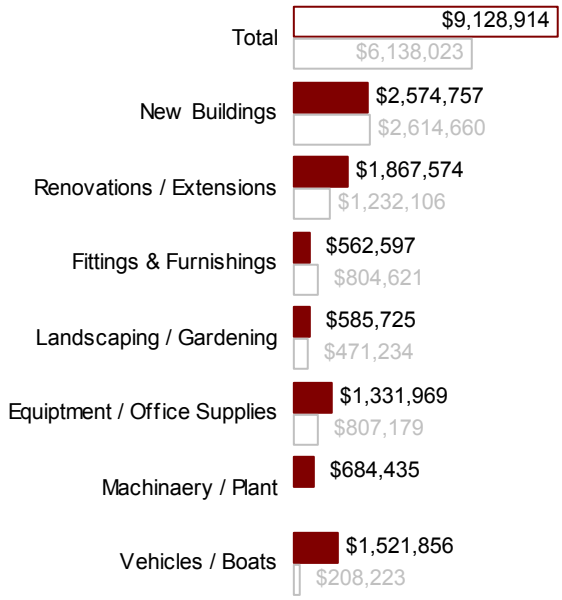



90% of tourism businesses predicted no change in employment in the next year.

7% of tourism businesses predicted an increase in employment.

## 2.3 CAPITAL INVESTMENT 2006

### TYPE OF CAPITAL INVESTMENT

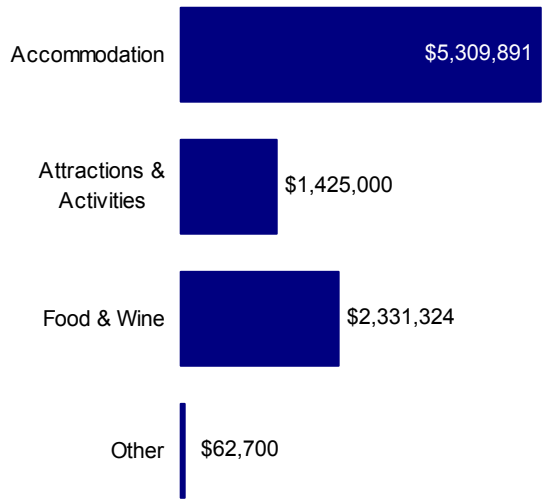



It is estimated that tourism businesses in the South Gippsland Shire invested over $9.1 million in capital in 2006.

Tourism businesses invested most capital in "New Buildings", "Renovations / Extensions" and "Vehicles / Boats".

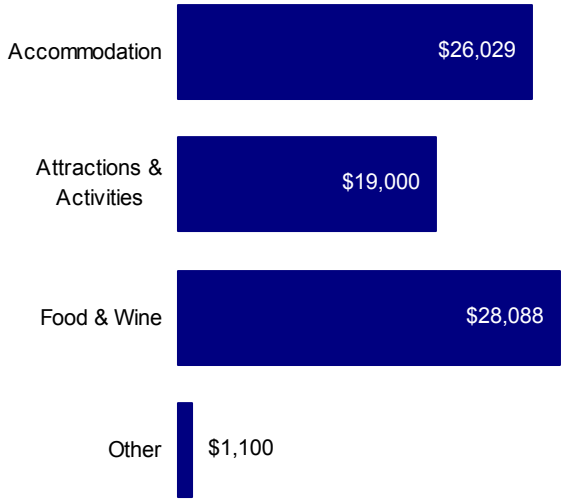
Total reported capital investment in 2006 was 49% higher than in 2004.

### TOTAL CAPITAL INVESTMENT BY CATEGORY OF TOURISM BUSINESS




Accommodation businesses in the South Gippsland Shire invested over $5.3 million in capital in 2006. Food & Wine businesses invested a further $2.3 million.

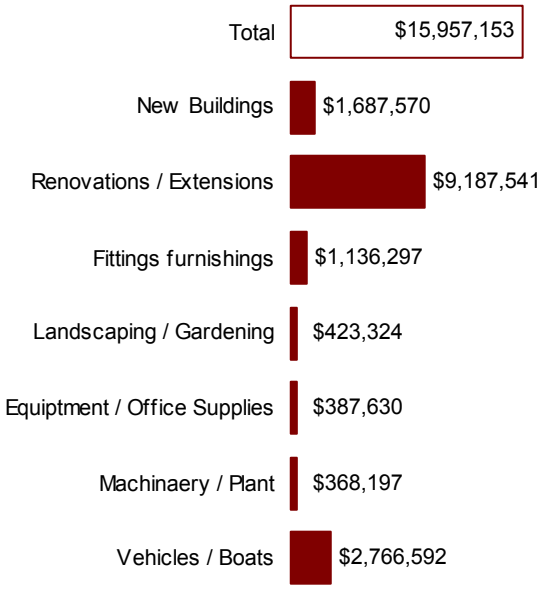
## AVERAGE CAPITAL INVESTMENT PER BUSINESS BY CATEGORY OF TOURISM BUSINESS




Food & Wine and Accommodation businesses reported the highest capital investment per business of all tourism businesses. They invested an average of $26,000 and $28,000 per business respectively.

## 2.4 FUTURE CAPITAL INVESTMENT 2007

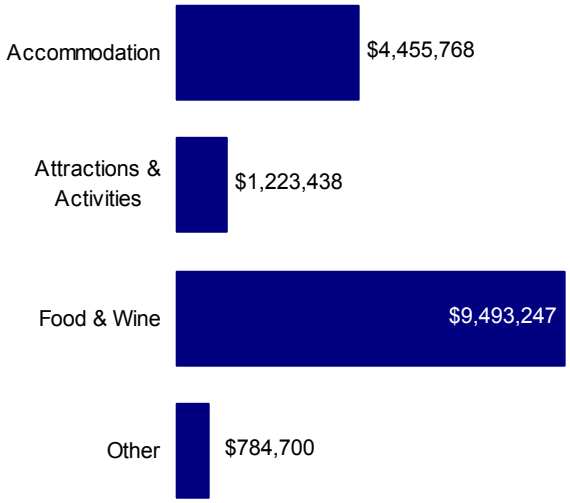
### TYPE OF CAPITAL INVESTMENT




Tourism businesses in the South Gippsland Shire intend to invest around $16 million in capital in 2007.

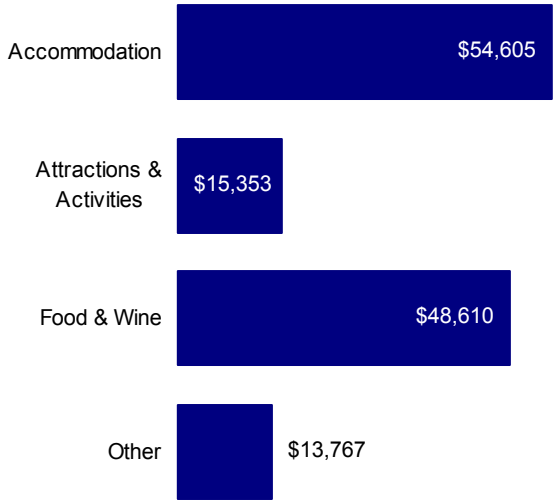
Tourism businesses intend to invest the most capital in "Renovations / Extensions" in 2007 ($9.2 million).

### TOTAL CAPITAL INVESTMENT BY CATEGORY OF TOURISM BUSINESS




Food & Wine businesses in the South Gippsland Shire intend to invest over $9.4 million in capital in 2007. followed by Accommodation ($4.5 million).

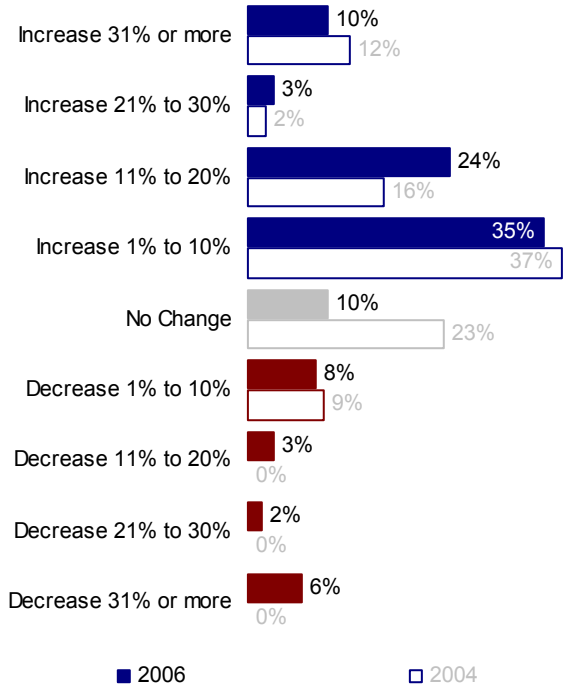
## AVERAGE CAPITAL INVESTMENT PER BUSINESS BY CATEGORY OF TOURISM BUSINESS




Accommodation and Food & Wine businesses intend to invest an average of over $54,000 and $48,000 per business respectively.

## 2.5 BUSINESS INCOME

### CHANGE IN BUSINESS INCOME 2005-2006



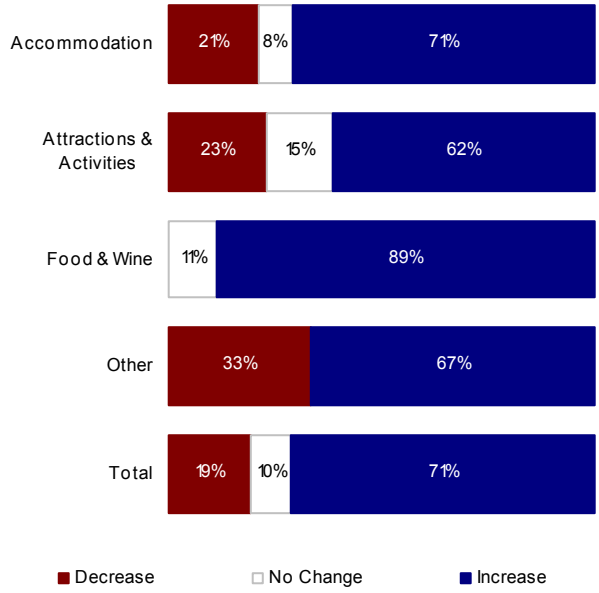

73% of tourism businesses reported an increase in gross business income in the year 2006, compared with 68% of tourism businesses in 2004.

A further 10% of tourism businesses reported no change in gross business income in the year 2006.

17% of tourism businesses reported a decrease in gross business income.

37% of businesses reported an increase in business income of 10% or more, compared with 30% of businesses in 2004.

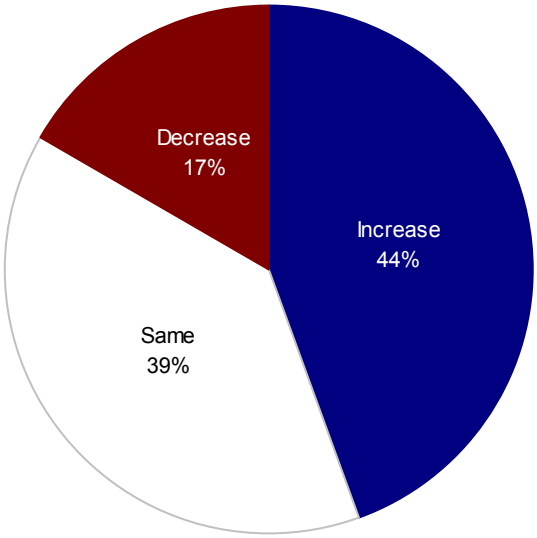
### CHANGE IN BUSINESS INCOME BY SECTOR 2005-2006




At least 62% of tourism businesses reported an increase in turnover in 2006 in each category.

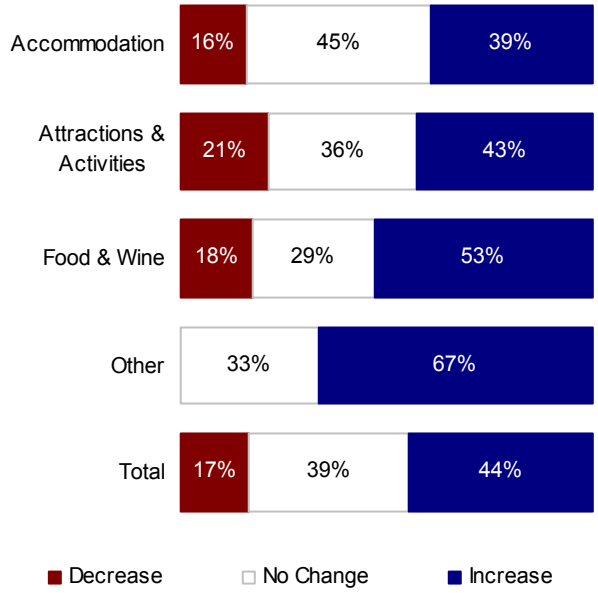
88% of Food & Wine businesses reported an increase in turnover in 2006.

## PREDICTED FUTURE INCOME 2006-2007




44% of tourism businesses predict an increase in gross business income in the year 2007.

## PREDICTED FUTURE INCOME BY MARKET SEGMENT 2007

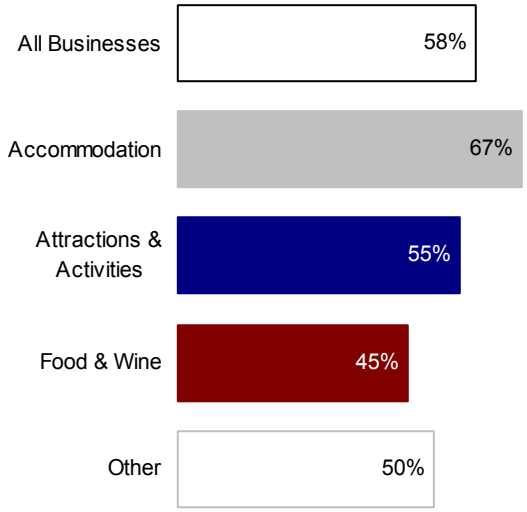



67% of tourism businesses classified as "Other" predicted an increase in income in 2007. At least 39% of tourism businesses in each market sector indicated that they expected to have a higher income in 2007.

The market segment with the highest percentage of businesses predicting a loss of income in 2007 was the Attractions & Activities segment (21% of businesses).

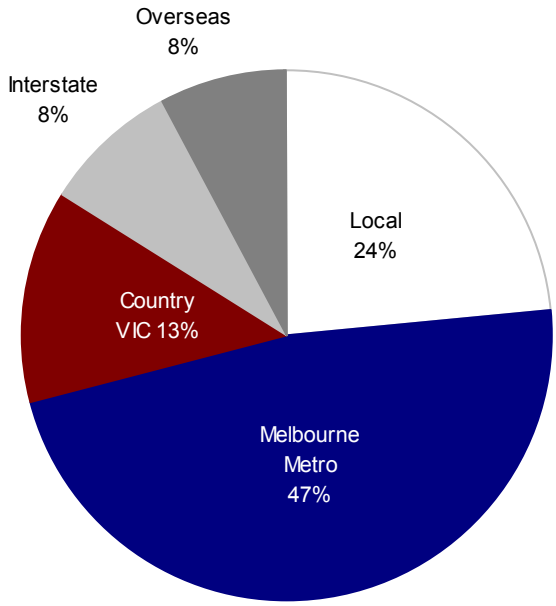
## 2.6 CUSTOMERS

### CUSTOMERS THAT ARE VISITORS OR HOLIDAY HOME OWNERS




An estimated 58% of customers to tourism businesses in 2006 were visitors or holiday home owners.

### ORIGIN OF CUSTOMERS

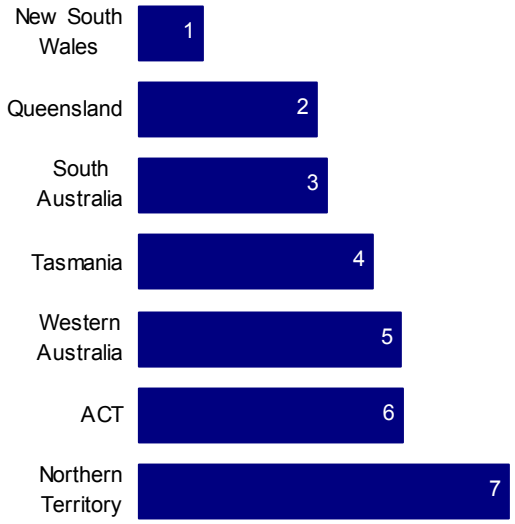



Tourism businesses estimated that 47% of customers were from Metropolitan Melbourne.

Only 24% of customers were estimated to be from the local area.

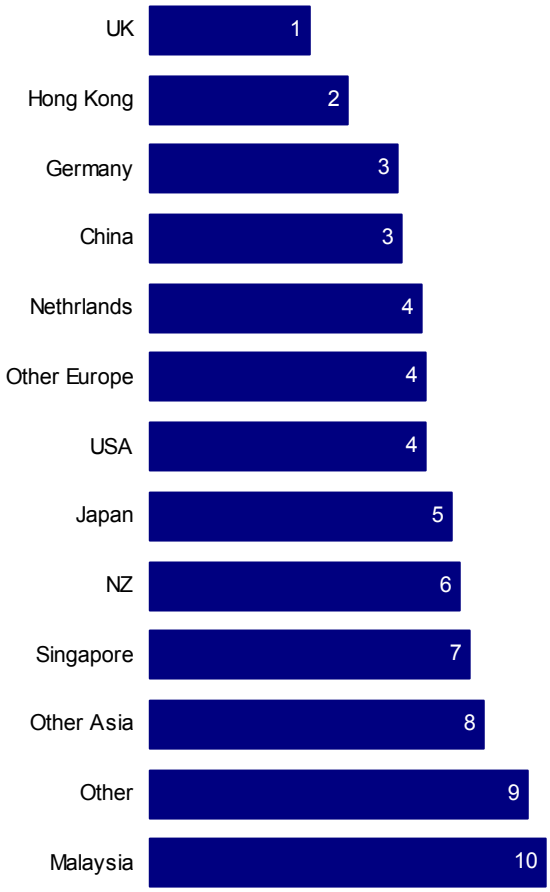
16% of customers were estimated to be interstate or overseas visitors.

## IMPORTANCE OF INTERSTATE MARKETS




Tourism businesses in the South Gippsland Shire clearly identified New South Wales as the most important interstate market, with Queensland and South Australia ranking as the next two most important interstate markets.

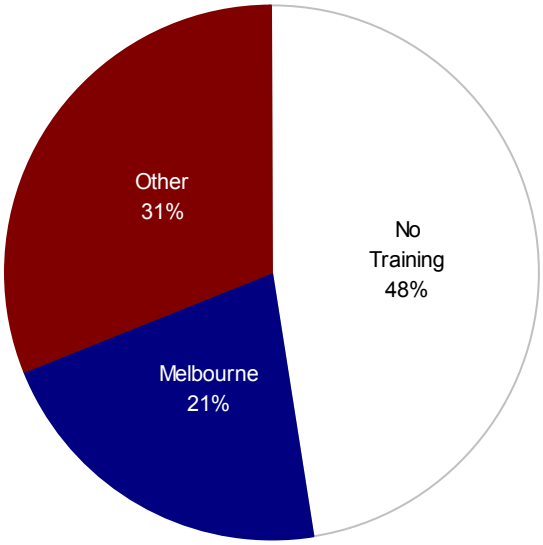
## IMPORTANCE OF INTERNATIONAL MARKETS




Tourism business in the South Gippsland Shire identified the United Kingdom as the most important international market. The next most important market was Hong Kong followed by Germany and China.

## 2.7 TRAINING, ADVERTISING & OTHER ISSUES

### STAFF TRAINING LOCATION

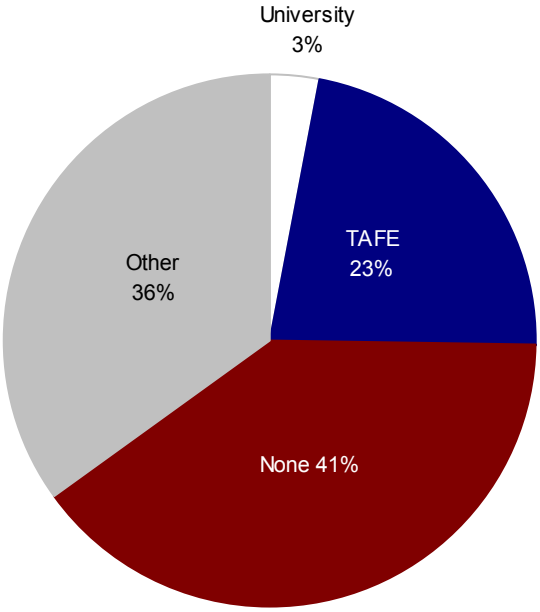



48% of tourism businesses in the South Gippsland Shire do not require their staff to undertake any formal training.

21% of tourism businesses require their staff to be trained in Melbourne.

31% of tourism businesses employ staff trained locally or in other parts of regional Victoria. These locations included Leongatha, Foster & various other Gippsland locations.

### TRAINING INSTITUTION

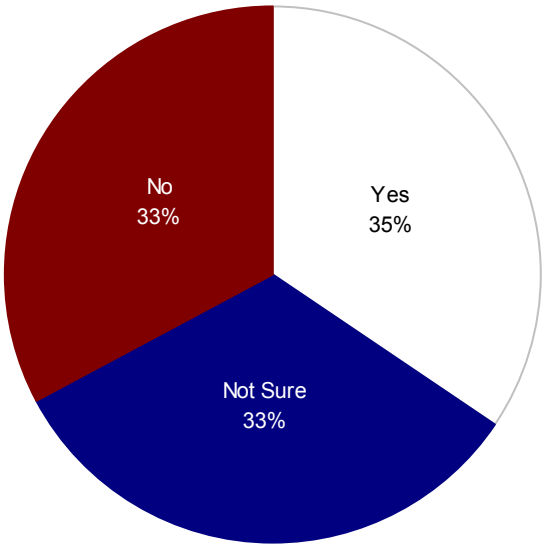



22% of tourism businesses in the South Gippsland Shire required staff to undertake training at a TAFE institution

Only 3% of tourism businesses required staff to hold a university qualification.

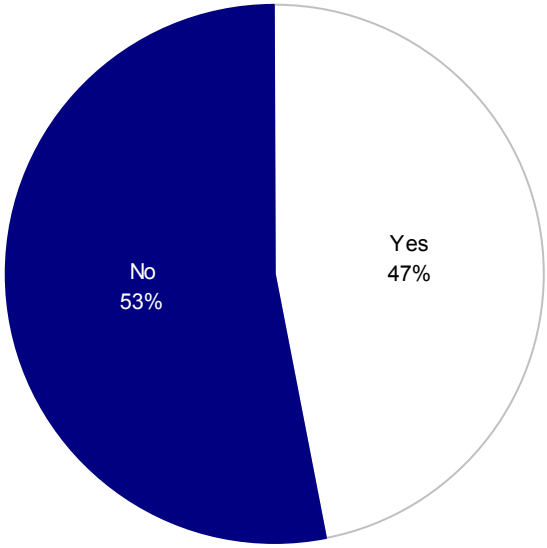
35% of tourism businesses required staff to undertake training "other" than a TAFE or University course. This training generally involves undertaking an industry specific accreditation course.

## SUITABILITY OF LOCAL TRAINING & EDUCATION TO MEET THE NEEDS OF BUSINESSES

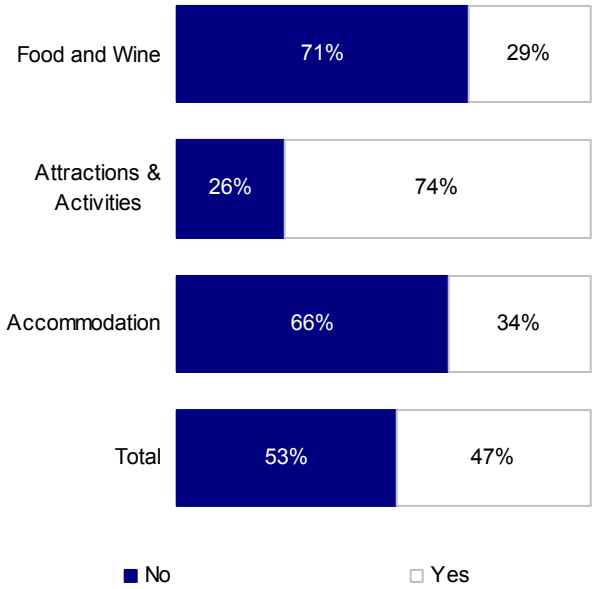



33% of tourism businesses reported that local training and education courses do not suit their needs, whilst a further 33% were "not sure" if local training and education courses suited their needs.

## BUSINESS / MARKETING PLANS

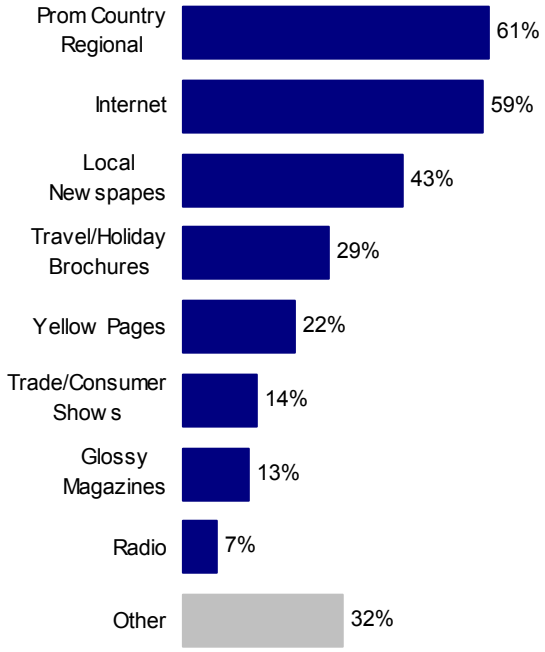



53% of tourism businesses reported that they do not have a formal business plan.



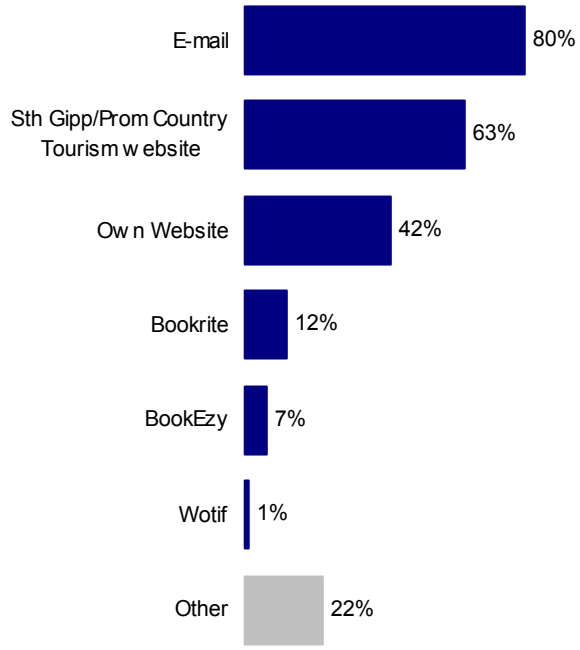

74% of Activities & Attractions businesses reported that they had a formal business / marketing plan.

## USE OF MARKETING MEDIA




Tourism businesses within the South Gippsland Shire are more likely to market through Prom Country Regional Tourism (61% of businesses), the Internet (59%) and Local Newspapers (43%) than through other promotional opportunities.

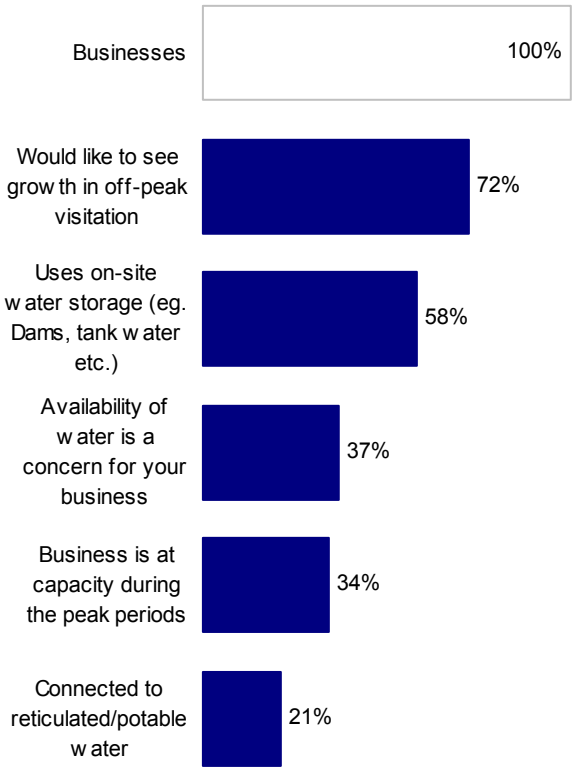
## USE OF E TECHNOLOGIES




Four out of every five tourism businesses in the South Gippsland Shire utilise e-mail.

63% of tourism businesses make use of the South Gippsland / Prom Country Tourism website. 42% of tourism businesses have their own website.

## MISCELLANEOUS ISSUES




72% of tourism businesses indicated that they 'would like to see growth in off-peak visitation.'

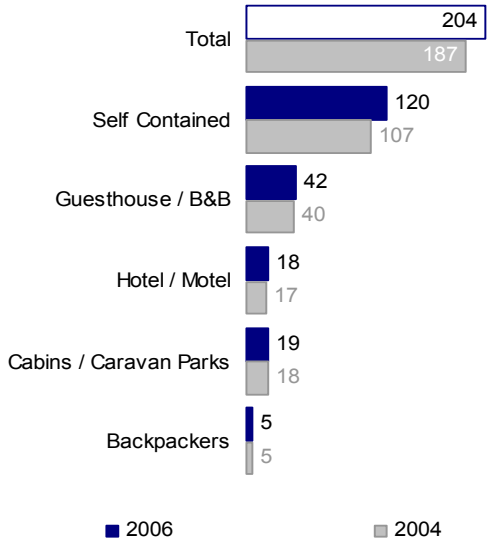
58% of tourism businesses considered the use of on site water storage a major issue. 21% of tourism businesses indicated that connection to reticulated / water was a major issue. Just over one in three tourism businesses consider that 'availability of water is a concern to their business.'

Just one third of tourism businesses operate at capacity during peak periods.

# 3 Profile of Visitor Accommodation

## 3.1 NUMBER AND LOCATION OF VISITOR ACCOMMODATION BUSINESSES

### NUMBER OF BUSINESSES




There are 204 visitor accommodation businesses identified in the South Gippsland Shire. The number of visitor accommodation businesses increased by 17 between 2004 and 2006.

Over half of the visitor accommodation is classified as Self Contained (120 businesses).

The largest increase in businesses over the 2004 to 2006 period was in Self Contained (13 new businesses).

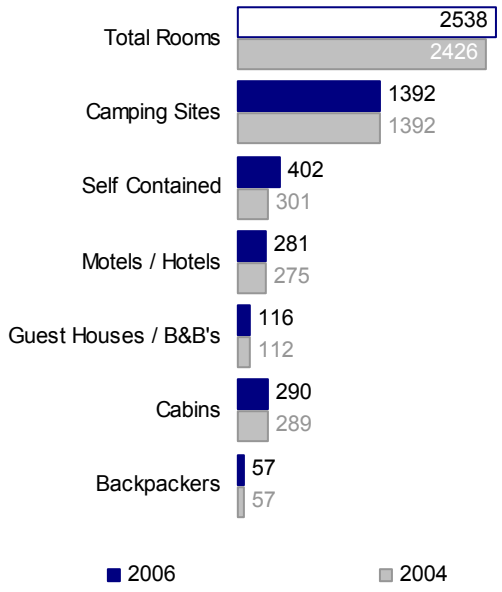
### LOCATION OF ACCOMMODATION BUSINESSES

| Locality | % of Total |
|---|---|
| Foster | 13% |
| Yanakie | 10% |
| Leongatha | 6% |
| Walkerville | 4% |
| Inverloch | 4% |
| Korrumburra | 4% |
| Mirboo North | 4% |
| Yarram | 4% |
| Fish Creek | 3% |
| Meeniyan | 3% |
| Tarwin | 3% |
| Toora | 3% |
| Waratah Nth | 3% |
| Other Towns (Below 2%) | 37% |

Visitor accommodation businesses are evenly spread throughout the Shire, with the highest concentrations of visitor accommodation businesses in Foster, and Yanakie.

## 3.2 NUMBER OF GUEST ROOMS/ CAMPING SITES

### TOTAL ROOMS AND CAMPING SITES

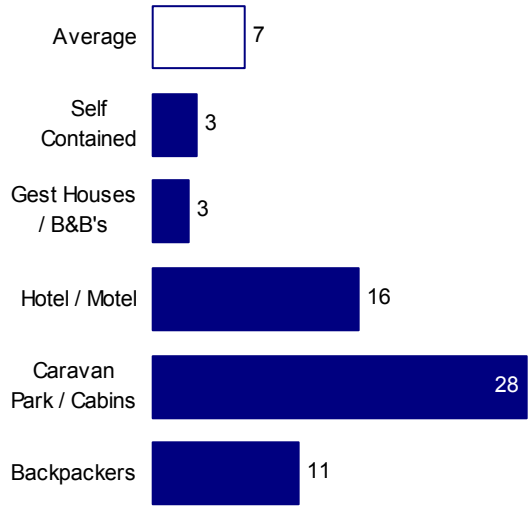



There are 1266 guest rooms in visitor accommodation businesses in the South Gippsland Shire. There are a further 1392 camping sites in Caravan Parks. Around 40% of all camping sites are located in Wilson's Promontory.

Self Contained accommodation has the most guest rooms available (402 rooms), this is followed by Cabin accommodation (290 rooms). 38% of Cabin guest rooms are located in Wilson's Promontory.

The number of guest rooms in the South Gippsland Shire increased by 112 between 2004 and 2006.

### AVERAGE NUMBER OF ROOMS BY TYPE



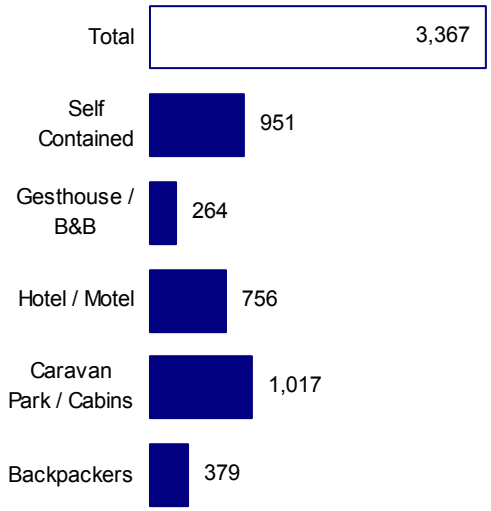

There are an average of seven rooms in each visitor accommodation establishment.

Caravan Parks / Cabins had the highest number of rooms per establishment (28 rooms) followed by Hotels / Motels (16 rooms).

Bed and Breakfast and Self Contained accommodation had the least number of rooms per establishment (3 rooms).

## 3.3 NUMBER OF BED SPACES

### TOTAL BED SPACES



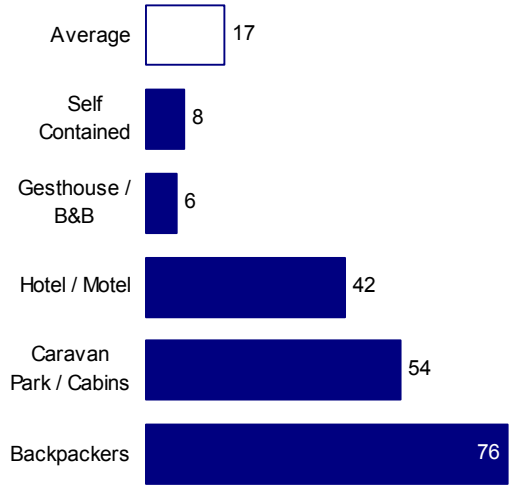

There are 3,367 bed spaces in visitor accommodation businesses in the South Gippsland Shire.

Caravan Park / Cabin accommodation contained the most bed spaces (1,017). 55% of cabin accommodation bed spaces are located in Wilsons Promontory.

Self Contained accommodation contains 951 bed spaces.

# Note: Data not applicable for camping sites.

### AVERAGE BED SPACES PER BUSINESS




The average number of bed spaces per business is 17.

Backpacker accommodation has the highest number of bed spaces per business (76 bed spaces). This figure includes a number of large camps, which have been classified as backpacker accommodation, however are used mainly by school groups and clubs.

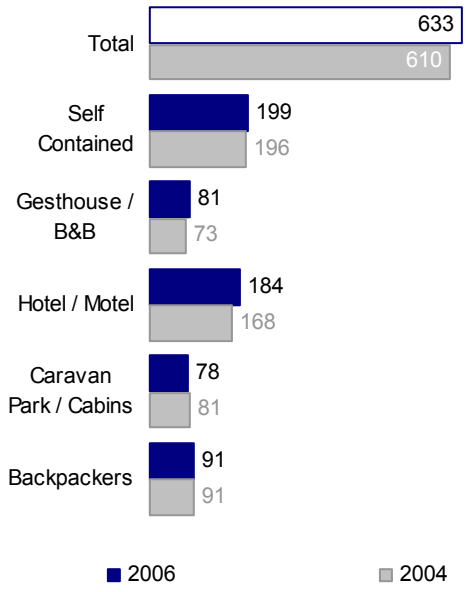
Caravan Park / Cabin accommodation establishments have an average of 54 bed spaces per establishment. This average is skewed due to the high number of bed spaces located in Wilson's Promontory.

Guest House / Bed and Breakfast accommodation has the least number of bed spaces per business (6 bed spaces).

#Note: Data not applicable for camping sites.

## 3.4 EMPLOYMENT

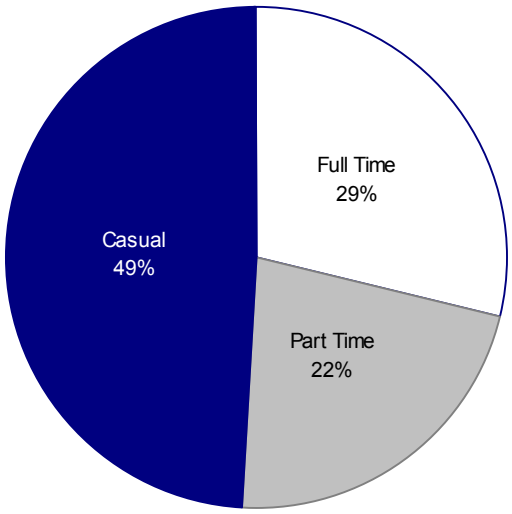
### TOTAL NUMBER OF PERSONS EMPLOYED BY SECTOR




There are 633 persons employed in visitor accommodation businesses in the South Gippsland Shire. This number increased by 23 people between 2004 and 2006.

Self-contained accommodation employed the most persons (199), followed by Hotels / Motels (184). Employment numbers include casual workers.

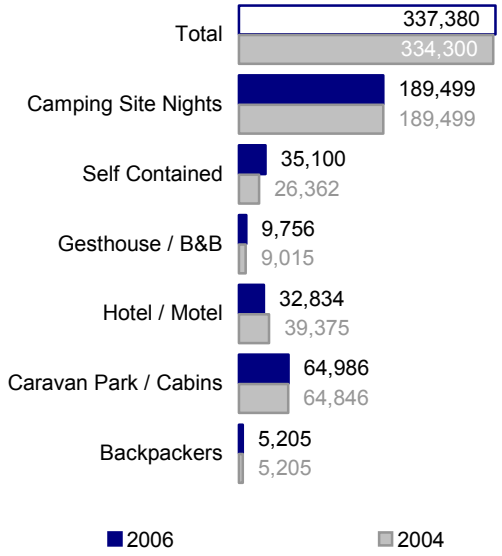
### TYPE OF EMPLOYMENT



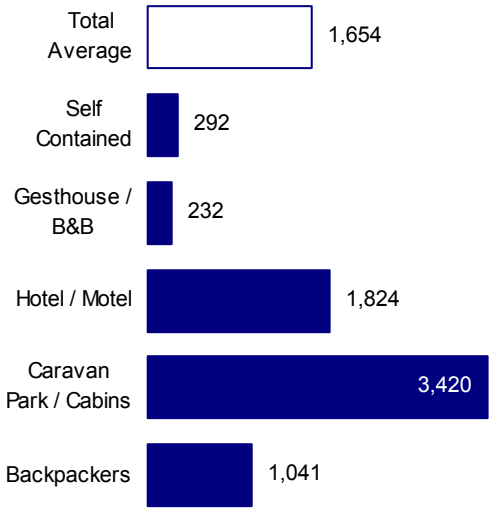

Almost half of persons employed in visitor accommodation businesses were employed on a casual basis. Only 29% of persons are employed full-time.

## 3.5 ROOM AND CAMPING SITES NIGHTS

### TOTAL ROOM AND CAMPING SITE NIGHTS




### AVERAGE ROOM NIGHTS




Visitor accommodation businesses in the South Gippsland Shire generate an estimated 147,800 rooms nights per year. Camping Sites generate an estimated 189,499 site nights per year. The total number of room nights per year increased by just over 3,000 between 2004 and 2006.

Caravan Park / Cabin accommodation businesses generate the most room nights of all room based visitor accommodation types (almost 65,000).

Although Self Contained accommodation makes up over half of all visitor accommodation businesses in the Shire, they contribute only 35,100 room nights to the Shire.

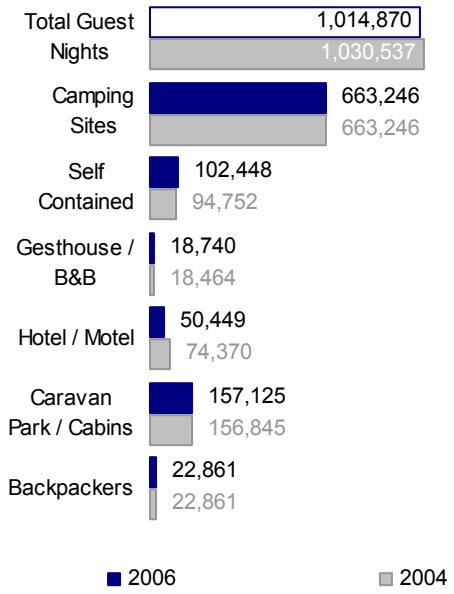
Visitor accommodation businesses have an average of 1,654 room nights per year per establishment.

Caravan Park / Cabin accommodation businesses have the highest estimated average room nights per establishment (3,420 room nights).

# Note: Data not applicable for camping sites.

## 3.6 GUEST NIGHTS

### TOTAL GUEST NIGHTS



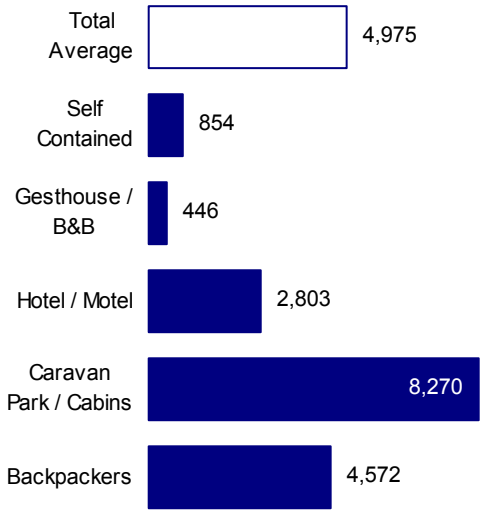

Visitor accommodation businesses in the South Gippsland Shire generate over 1 million guest nights per year.

Camping Sites generate up two thirds of all guest nights.

A further 157,000 guest nights occur in Caravan Park / Cabin accommodation.

The number of total guest nights for visitor accommodation businesses has decreased slightly between 2004 and 2006.

### AVERAGE GUEST NIGHTS



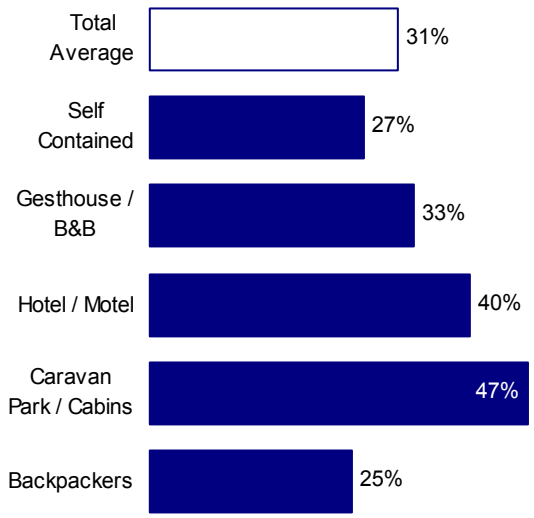

Visitor accommodation businesses have an average of 4,975 guest nights per year per establishment. (Excluding camping sites).

Caravan Park / Cabin accommodation businesses have the highest average number of guest nights per year per establishment (8,270 guest nights).

# Note: Data not available for camping sites.

## 3.7 OCCUPANCY RATE AND LENGTH OF STAY

### OCCUPANCY RATE




Visitor accommodation businesses in the South Gippsland Shire have an average Occupancy Rate of 31%.

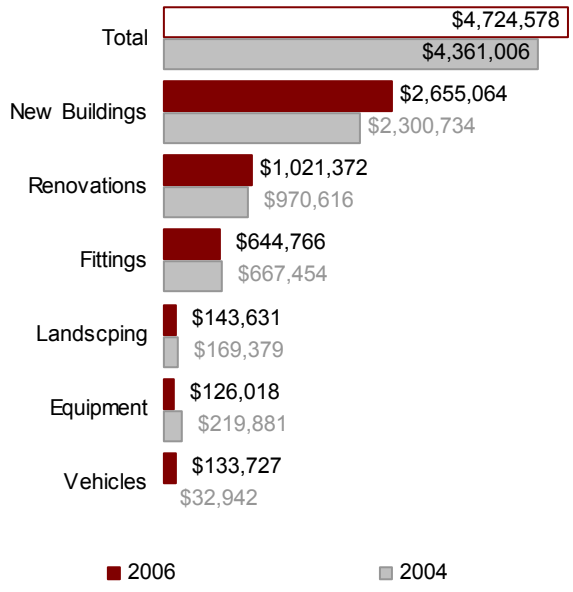
Caravan Park / Cabin accommodation has the highest occupancy rate, an average of 47% per business, (the average occupancy rate includes Wilson's Promontory).

Backpacker accommodation has the lowest occupancy rates of all accommodation types followed by Self Contained and Guesthouse / Bed and Breakfast accommodation. The research suggests that many Bed and Breakfast businesses and Self Contained cottages operate as "part time" businesses.

# Note: Data not available for camping sites

## 3.8 CAPITAL INVESTMENT IN ACCOMMODATION

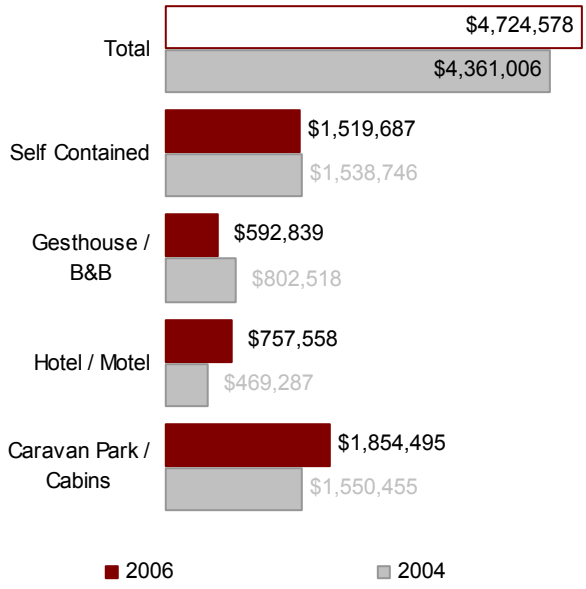
### TYPE OF CAPITAL INVESTMENT




It is estimated that visitor accommodation businesses in the South Gippsland Shire invested over $4.7 million in capital in 2006. Capital investment increased by 8.3% between 2004 and 2006.

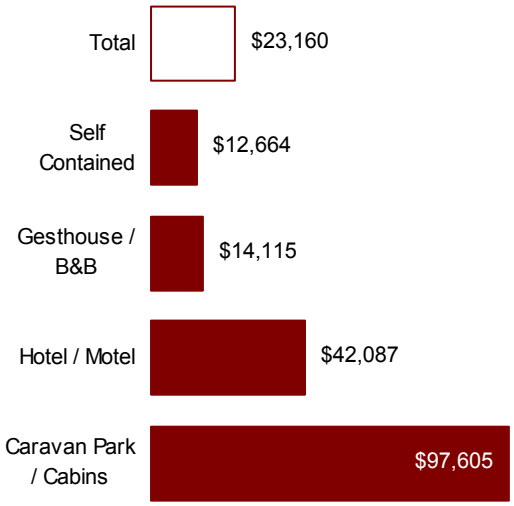
Over half of the capital invested in visitor accommodation businesses in 2006 was spent on new buildings ($2.6 million).

### TOTAL CAPITAL INVESTMENT BY TYPE OF ACCOMMODATION




Most capital investment occurs in self-contained and caravan / cabin accommodation businesses.

## AVERAGE CAPITAL INVESTMENT BY TYPE OF ACCOMMODATION




Visitor accommodation businesses in the South Gippsland Shire invested an average of $23,206 capital into their business in 2006.

Cabin accommodation businesses recorded the highest capital investment per business ($97,000 per year).