PHILLIP ISLAND AND SAN REMO

Technical Appendices – Visitor Economy Strategy 2035

Growing Tourism

FINAL August 2016

BASS COAST
Regional Development Victoria
phillipisland nature parks
Destination Phillip Island Regional Tourism Board
VICTORIA

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Bass Coast Shire Council acknowledges Aboriginal and Torres Strait Islanders as the first Australians and recognises that they have a unique relationship with the land and water. The team also recognises that the Strategy applies to the traditional lands of the Boon Wurrung, members of the Kulin Nation, who have lived here for thousands of years. We offer our respects to their elders past, present and emerging, and through them, all Aboriginal and Torres Strait Islander people.

All images in this document are courtesy of Bass Coast Shire Council and Destination Phillip Island Regional Tourism Board.

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This publication has been produced by EarthCheck Pty Ltd. (in partnership with TRC Tourism, Insight Communications, Michael Connell & Associates and Jeremy Ward) on behalf of Bass Coast Shire Council. Information within this document was correct at the time of print and is subject to change without prior notice. For an accessible version of this document please contact Bass Coast Shire Council.

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ACRONYMS

ALOS – Average Length of Stay
ATTA – Adventure Travel Trade Association
BCSC – Bass Coast Shire Council
Co2e – Carbon Dioxide Equivalent
CSIRO - Commonwealth Scientific & Industrial Research Organisation
FT & PT – Fulltime and part-time employment
DCP - Developer Contributions Plan
DPI – Destination Phillip Island Regional Tourism Board
EMDG – Export Market Development Grant
EOI – Expression of Interest
ECV - Ecological Class Vegetation
FIT – Free and Independent Traveller
FTE – Full Time Employee
NZ – New Zealand
GSTC – Global Sustainable Tourism Criteria
IVS – International Visitor Survey
LSIO - Land Subject to Inundation Overlay
MONA - The Museum of Old and New Art
MPSC – Mornington Peninsula Shire Council
MUZ – Mixed Use Zone
NVS – National Visitor Survey
NZ – New Zealand
PT Victoria – Public Transport Victoria
Nature Parks – Phillip Island Nature Parks
RAZ - Rural Action Zones
RTB – Regional Tourism Board
RTO – Regional Tourism Organisation
SA2 – Statistical Area - Level 2
SLSA – Surf Life Saving Australia
TAFE – Technical and Further Education
TFC – Tourism Forecasting Council
TOMM - Tourism Optimisation Management Model
TRA – Tourism Research Australia
UK – United Kingdom
UNWTO – United Nations World Tourism Organisation
USA – United States of America
VFR – Visiting Friends and Relatives
VIC – Visitor Information Centre
YE – Year Ending

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Disclaimer
The information and recommendations provided in this document are made on the basis of information available at the time of preparation and the assumptions outlined throughout the document. While all care has been taken to check and validate material presented in this report, independent research should be undertaken before any action or decision is taken on the basis of material contained in this report. This report does not seek to provide any assurance of project viability and the project team (led by EarthCheck Pty Ltd.) accepts no liability for decisions made or the information provided in this report.

Appendix 1

Consultation Outcomes Report

Summary of Consultation Feedback

Development of the Phillip Island and San Remo Visitor Economy Strategy 2035 included a rigorous programme of community, industry and stakeholder consultation to ensure the Strategy meets the needs and aspirations of each group.

Over 350 stakeholders have been engaged to date. Consultation has included:

STAGE 1 – Desktop Research and Meetings

- One-on-one meetings with stakeholders and key groups (in person, phone)

STAGE 2 - Stakeholder Discussions and Forums

- Discussion Paper feedback (October 2015)
- Community Open Houses (Cowes, Newhaven) (October 2015)
- Industry Workshop (Cowes) (October 2015)
- Blue Sky Thought Leaders Forum (Summerlands) (October 2015)
- Industry and Community Survey (December 2015)
- Peak Period Pop Ups (January 2016)
- Facebook page posts and feedback (ongoing)

STAGE 3 - Draft Directions

- Draft Directions Industry Forum (February 2016)
- One-on-one meetings with wholesalers and other industry representatives (early 2016)
- Facebook page posts and feedback (ongoing)

STAGE 4 - Draft Strategy

- Release of Draft Strategy (April 2016)
- Draft Strategy feedback (May 2016)
- Community Forum/Open Houses (May 2016)
- Facebook page posts and feedback (ongoing)

STAGE 5 - Final Strategy

- Release of Final Strategy (early August 2016)

STAGE 1 - Desktop Research and Meetings

This stage of the process was about informing the community and stakeholders about the development of the Strategy and making contact with interested stakeholders. Meetings were held with key industry groups and representatives to scope out the approach and the key issues and opportunities.
Information arising from this stage of the process was integrated into the Discussion Paper released in Stage 2.

Additional activities undertaken in Stage 1 included:

- Release of Press Release outlining process and opportunities for input by industry and community – Facebook and website details included;
- Facebook Page live, Council Webpage was updated with relevant project information; and
- Letter to stakeholders inviting them to participate in the planning process and outline of key dates and communications tools.

STAGE 2 – Stakeholder Discussions and Forums

This stage of consultation involved the release of the Discussion Paper and a series of forums and workshops for community and industry. Ten submissions on the Discussion Paper were received by email. Content has been included in Tables 1.1 and 1.2 on the over page. The Industry and Community Survey was also released during this time.

During this stage of the consultation process, each individual was asked the questions below as well as agreement on what the guiding principles and enablers of success for the Strategy should be. This Outcomes Report is a summary of their answers.

Consultation Questions

1. What is your vision for tourism in 2035?
2. What should every visitor who comes to Phillip Island (and San Remo) leave having experienced?
3. What is holding us back from achieving that vision?
4. Are there specific projects or initiatives you see as a catalyst to achieving this?
5. How do we find the balance between tourism, the community and the environment in 2035?

As a result the following Guiding Principles were prepared and tested with industry

Guiding Principles

1. Tourism will not only preserve but **enhance Phillip Island and San Remo's natural environment** through sustainable development and management practices.
2. Tourism will **enhance the community and cultural character** of Phillip Island and San Remo through supporting and complementing the strong local culture.
3. Tourism growth will **foster continued job creation and workforce retention** through an increased demand for skilled, quality people.
4. Tourism will **improve the economic value of the region** by focussing investment and marketing activity on extending visitor length of stay – shifting day trips to overnight visits.
5. Tourism investment will focus on helping to **diversify the region's market mix to promote year-round visitation** opportunities, alleviate non-peak visitation troughs and promote dispersal.

Table 1.1: *General feedback from Stage 2 Discussion Paper and Consultation*

Positioning • A common vision of what makes the Island special • A strong economy around tourism and support to allow rural enterprises to help achieve this goal • To be known as a leading sustainable tourism destination - renewable energy, sustainable transport, waste (no plastic bags or water bottles etc.) and feral animal control • Island branding – embrace 'island time' with each village having its own character • Strengthen the surf culture • Become an island 'national park' (like Rottnest Island) • A community connected to and driving tourism • Rural landscape and vistas protected • More tree cover – revegetation • Potential to 'buy back' of land for conservation and create conservation corridors • Better customer service **Experiences** • Unique experiences that focus on higher yield • A sense of arrival when visitors come to the Island • Emphasis on nature and adventure tourism • A broadened activity base (nature experiences, surfing, events, cycling, walking etc.) • Focus on the environment, cultural and indigenous values of the Island • A year-round destination **Facilities/Attractions** • Shared trails linking communities and places around the Island with transport links in key hubs • New beach facilities • More local food, produce and farm gate offerings • Better quality cafés and restaurants • More events and festivals – emphasis on home grown • More wildlife experiences • Whale lookouts • More marine-based activities • Arts and cultural tourism – art and culture trail **Accommodation** • 4-5 star eco lodge and conference centre (100 rooms) • Range of accommodation including glamping, eco retreats and 4-5 star accommodation • At least one major (500+ seat) Conference Centre • Holiday homes made available as accommodation when vacant	**Design** • More sustainable eco designed buildings, fitting in with size and scale in keeping with natural values • High quality assets that are well maintained • Water sensitive urban design utilising recycled water resources to enhance natural attractions and public open space • Disabled access to beaches • Landscape design and attention to detail **Accessibility** • More accessibility around the whole Island and villages within it – bus, bike and walk • Walking tracks and bike trails connecting villages and beaches • Transport to and from attractions • Free bikes and courtesy bus • Touring routes as alternative to main roads • Passenger ferry – increased services • Marina for boats and ferry services **What we DON'T want** • Large scale and tacky developments • Development outside town boundaries • Increased housing developments • Tourism to be dependent on penguins • To lose rural feel and wild coast • Unsustainable tourism • To lose the character of the Island and the personal interactions visitor have • A struggling economy that is not agile • Young people continuing to leave the Island as employment opportunities are better elsewhere **ENABLERS OF SUCCESS** • Clear vision, leadership, cohesion and clear communication between Council, tourism industry and community • Tourism oriented planning framework /training and rural tourism planning guide – (Rural Activity Zone) • Tourism precinct body – authority – planning and control and tourism oriented • Priorities identified and investment focussed in those areas • Design guidelines to balance infrastructure with destination appeal • Advocacy of the region as being investment ready • Support for entrepreneurs/investors (reduce hurdles) • Diversity of products to reduce risk from market shifts and unplanned events

Table 1.2: *Tourism Precinct Suggestions*

San Remo • New bridge – better access • Sense of arrival • Less concrete and signage at the entrance • Redeveloped San Remo foreshore highlighting the area and design to provide for events to support the local economy • More family-friendly long weekend events in San Remo • More attractions and walks • Make San Remo a destination	**Summerland Peninsula** • Extend mountain bike trails in reserve • Increase the coastal reserve • Maximise use of the Nobbies Centre after hours • A 'Great Ocean Lodge' • Underwater penguin and fur seal experience
Newhaven • No cars on Churchill Island in peak times • Strengthen Surf precinct entry • Convention Centre at Churchill Island • Raised canopy walk from VIC into wetlands • Longer evening hours at VIC during the high season • Visitor transport at peak times from the VIC to villages	**Ventnor** • Walking trail linking Ventnor and Cowes • Upgrade of parking and the boat ramp
Cape Woolamai • Major surf event • Trail linking headlands • Hot springs • Sea baths • Whale lookouts • Accessible track - Boardwalk Cape Woolamai	**Other Locations** • Grand Prix and year round events • Expand the Koala Centre
Southern Beaches • Identify 3- 4 hot spots – beaches where transport and access is improved • Disabled access to beaches • An iconic drive with lookouts • Smith's Beach precinct – better facilities **Rhyll / Silverleaves** • RAMSAR wetland attractions • To be known for its fishing and food as well as galleries • Purchase of land on Settlement Road • Connect Silverleaves to Rhyll – paths, walkways and bikes • Link Silverleaves beach to Cowes	**Cowes** • Character of island must flow through to Cowes as a destination • Cowes Foreshore and main street pedestrian friendly with alternative access to Thompson Ave • Eateries open all year round and at night • More family-friendly long weekend events in Cowes • Marina to be centre for marine adventures, eco tours and water taxi services • Car ferry in Cowes / No car ferry in Cowes • 4-5 star accommodation on the Cowes Foreshore • Underground car park to reduce traffic congestion • Cowes Foreshore to be known as the dining destination on the Island • Cowes Foreshore - connect to town centre – outdoor dining and walking • World class – motel, business centre accommodation is needed • Use pop up shops to service demand • Provide facilities at a small number of other beaches to take pressure off Cowes

Facebook Comments – Stage 1 and 2

During this period, the dedicated Strategy Facebook Page had a total of 105 likes.

Activity on the page slowed as the Strategy developed, with no comments on posts during Stage 2.

Figure 1.1: *Facebook Page Post Analytics*

Reach: Organic / Paid | Post Clicks | Reactions, Comments & Shares

Published	Post	Type	Targeting	Reach	Engagement	Promote
02/25/2016 3:07 pm	The Phillip Island Tourism Strategy proposes a short term rental			23	0 1	Boost Post
02/22/2016 12:17 pm	What do you think about these ideas for Phillip Island to enhanc			62	6 2	Boost Post
02/15/2016 2:39 pm	The Phillip Island and San Remo Tourism Strategy Directions P			82	13 5	Boost Post
01/15/2016 10:48 am	Thanks to everyone who came and visited us at our tent in Cow			24	0 0	Boost Post
01/04/2016 4:06 pm	If you are in Cowes tomorrow (Tuesday) why not Swing by the te			61	0 1	Boost Post
12/23/2015 12:07 pm	The community survey has now closed and the final summary ca			225	7 2	Boost Post
12/18/2015 10:52 am	Is this what Phillip Island needs? Roller coasters aren't on the l			207	5 2	Boost Post
12/02/2015 12:07 pm	A summary of the ideas and opinions we've gathered through o			44	0 0	Boost Post

Community Survey

A community survey (via Survey Monkey) was released in December 2015 to better understand resident perceptions of tourism in Phillip Island and San Remo. A total of 48 respondents completed the survey questions below:

PHILLIP ISLAND AND SAN REMO VISITOR ECONOMY STRATEGY 2035

Survey of Resident Attitudes to Tourism and Tourism Development

1. How do you feel about the number of visitors that visit Phillip Island and San Remo each year? (**NOTE**: *visitors are defined as individuals who are coming to the region for leisure/holidays, visiting friends and relatives, events, business travel and special interest purposes*)
   - I would like more visitors to come visit
   - I want about the same number of visitors to visit
   - I would like fewer visitors to come visit

2. How do you feel about visitors?
   - I like visitors
   - I like the vibe around the Island when there are lots of visitors
   - I tolerate visitors
   - I adjust my lifestyle to avoid visitors
   - I stay away from places visitors go

3. How would you describe your contact with visitors?
   - I never come in contact with visitors
   - I see visitors around but don't usually talk to them
   - I often interact with visitors as part of my job
   - I often meet visitors around town and talk to them
   - I have made friends with visitors during their stay, but have not kept in contact
   - I have made friends with visitors and kept in contact after they have left

4. Do you support sustainable tourism growth in Phillip Island and San Remo?
   - Yes
   - No
   - Additional Comments

5. What is your preferred level of tourism development growth?
   - I am happy with the current level of tourism development and would like to see continued growth in this area
   - I am happy with the current level of tourism development but do not want to see any further growth in this area
   - I am not happy with the current level of tourism development and would like to see continued growth in this area
   - I am not happy with the current level of tourism development and do not want to see any further growth in this area

6. On a scale of 1 to 5, how do you currently rate the overall impact of tourism in Phillip Island and San Remo on the community as a whole?
   - 1 – very negative
   - 2 – somewhat negative
   - 3 – neutral
   - 4 – somewhat positive
   - 5 – very positive

7. Do you think that tourism has had any of the following positive impacts on the Phillip Island and San Remo community? (select all statement that you agree with)
   - Because of tourism, there are more interesting things to do in my local area (e.g. attractions to visit, events to attend)
   - Tourism is good for the economy because the money that visitors spend when they come to the region helps to stimulate the economy, stimulates employment opportunities and is good for local business
   - Tourism promotes the development and better maintenance of public facilities such as roads, parks, sporting facilities and/or public transport
   - Tourism increases local residents' pride in their town and makes them feel good about themselves and their community
   - Tourism showcases the region in a positive light. This helps to promote a better opinion of my region and encourages future tourism and /or business investment
   - Because of tourism there are better shopping, dining and/or recreational opportunities in the region
   - Tourism brings people from different backgrounds and cultures into the community
   - The benefits of tourism are shared evenly across the local community
   - Festivals and events attract visitors and raise awareness of the region

8. Do you think that tourism has had any of the following negative impacts on the Phillip Island and San Remo community? (select all statements that you agree with)

- Too much public money is spent on developing facilities for visitors that would be better spent on other public facilities/activities
- Tourism disrupts the lives of local residents and creates inconvenience. Problems like traffic congestion, parking difficulties and excessive noise are worse when there are lots of visitors around
- Tourism is associated with some people behaving inappropriately, perhaps in a rowdy and delinquent way, or engaging in excessive drinking or drug use or other criminal behaviour
- Tourism has a negative impact on the environment through excessive litter and/or pollution and/or damage to natural areas
- Tourism leads to increases in the prices of some things such as some goods and services and/or property values and/or rental costs
- Visitors deny local residents access to public facilities, that is, roads, parks, sporting facilities, public transport and/ or other facilities are less available to local residents because of overcrowding
- Because of tourism the character of the region has changed for the worse.
- The increase in property values associated with tourism, makes it more difficult for some people to live in the area

9. Are you a resident or non-resident of Phillip Island or San Remo?
    - Resident
    - Non-resident

10. Are you currently employed in the tourism sector?
    - Yes
    - No

11. Do you have any further comments you wish to add?

Thank you very much for completing the Phillip Island and San Remo Survey of Resident Attitudes to Tourism and Tourism Development. Your survey results will help to inform the Phillip Island and San Remo Visitor Economy Strategy 2035.

Survey Feedback Results

Number of Respondents: 48 (60% full-time residents, 15% currently employed in tourism)

- 19% of respondents would like to see more visitors, with 60% preferring more visitors to visit during off-peak periods.
- The majority of respondents like having visitors around (23%) and the vibe around the Island when there are lots of visitors (51%).
- Most respondents observe visitors from afar (i.e. see visitors around but do not talk to them) (54%) or only interact with them as a part of their job (17%); however 24% of respondents often meet visitors around town and talk to them and 4% of respondents have even made lasting friendships with visitors, keeping in contact after they have left.
- All but one respondent are in support of sustainable tourism growth.
- 60% of respondents are happy with the current level of tourism growth and 16% would like to see continued growth in this area.
- The majority of respondents (76%) feel that tourism has a somewhat to very positive impact on the Phillip Island and San Remo community.

Top Positive Impacts of Tourism on the Phillip Island and San Remo Community (in order of most positive impact):

1) The money that visitors spend helps to stimulate the economy (60%)
2) There are better shopping, dining and/or recreational opportunities in the region (59%)
3) It showcases the region in a positive light, helping to encourage future tourism and/or business investment (56%)
4) It increases local residents' pride in the region and makes them feel good about themselves and their community (50%)
5) Festivals and events attract visitors and raise awareness of the region (49%)

Top Three Negative Impacts of Tourism on the Phillip Island and San Remo Community:

- Tourism is associated with some people behaving inappropriately, perhaps in a rowdy and delinquent way (49%)
- Tourism has a negative impact on the environment through excessive litter, pollution and/or damage to natural areas (41%)
- Tourism disrupts the lives of local residents and creates inconvenience (34%)

Additional Comments Received in Survey

- State needs to support the development of infrastructure for visitors. It is too hard for ratepayers to do it, there is enough additional cost associated with upkeep associated with visitors. Know they benefit the economy…but business does not pay for it...ratepayers do.
- I believe that the future projections of visitor numbers will impact the Island and infrastructure requirements. Wonthaggi should be the place to expand as it is centralised and large enough to cope with 2 million plus people.
- Tourism is a vital part of the local economy and we must not take it for granted - but we do need to manage it well into the future.
- We need to improve public facilities overall and have services and affordable education so we can retain workers in the area. Young people and facilities for young tourists need improving.
- Improvement to the visitor centres and better internet is required.
- It's a pity that the tourism has not encouraged a better standard of shops. There are too many $2 shops and not enough quality outlets.
- Phillip Island desperately needs a quality 4 star hotel and to start targeting more affluent tourists and functions particularly in the off season.
- Properly managed, environmentally responsible tourism is the best revenue source for the region and Phillip Island in particular.
- I would just like to see that if multi millions of dollars are going to and being spent on facilities like the Nature Parks that some funds are allocated to other infrastructure that supports the increased volume of visitors. This could include road/traffic improvements, public facilities or community programs, etc.
- The influx of tourists and visitors creates a great buzz in the main towns. It is only a shame that it doesn't continue all year round.
- Tourism is good but we don't have the required officials to keep them under control in the environmentally sensitive areas.

- Tourism is very important to the region. We would not have some of the facilities we have without it, however it is important that tourists are not ALWAYS prioritised over the locals, as often feels to be the case.
- Tourism must be managed to protect our natural environment. We should be pushing the ecotourism more to increase visitors valuing the environment.

Cowes Pop Up Consultation Tent

A 'pop up' consultation tent was established outside the Cowes Visitor Information Centre on the 4th and 5th of January 2016. Over the two days, approximately 120 visitors and residents popped over for a chat with the team (approximately 50 on day one and 70 on day two). Around 90% of people consulted were temporary or permanent residents of the Bass Coast Shire.

Residents and visitors had the option to complete some survey questions, add some comments to the ideas map (Table 1.3) or have a chat with the team. It is worth noting that many of the comments related to traffic congestion, parking, residential development and Cowes precinct planning issues. This is directly related to the date (peak holiday period) and location of the pop up tent in Cowes. The comments are summarised below.

Do you support sustainable tourism growth in Phillip Island and San Remo?
Most residents and visitors indicated that they supported tourism on the island. Some viewed it as a necessary evil providing economic benefit to the area.

What do you see as the positive impacts of sustainable tourism on Phillip Island?
Most residents indicated that tourism had positive benefits for the economic growth of the area. Some indicated that it brought more public facilities (eg. public transport and protection of wildlife).

What do you see as the negative impacts of tourism on Phillip Island?
Most residents indicated that traffic congestion, parking and entry and exit over San Remo Bridge were the main negative issues. Others commented that noise late at night from visitors staying in holiday rental homes was an issue (when located next to permanent residency).

Other comments were:

- Over development and shoddy, overcrowded built environment
- Multi storey developments – keep to less than four storeys
- Too crowded – broken glass

What should it look like in 2035?

- Ecotourism destination
- Protection of wildlife
- More infrastructure
- Improved from what it is now
- Best tourism in Victoria

What needs to change?

Most indicated that better traffic management, improved public transport and parking were essential if tourism on the island was to continue to grow. Other comments included:
- More focus on sustainability
- Action to ease traffic congestion and number of vehicles
- Independent Shire for Phillip Island and San Remo as Council is not managing growth
- More public toilets and clean beaches

What should stay the same?

Most residents indicated that retaining the Island's naturalness and maintaining its low key family friendly feeling is important. Protection of the environment and wildlife as well as the rural landscape as this attracts visitors.

Table 1.3: *Summary of Map Ideas*

Facilities/Attractions • Improve public transport around the Island (a lot of people made this comment) • Landscape design and attention to detail particularly at arrival points on the Island and along the Cowes Foreshore • Shared trails linking communities and places around the Island with transport links in key hubs • New beach facilities (benches, toilets and bins) • More local food, produce and farm gate offerings • Better quality retail, cafés and restaurants in Cowes • More events and festivals – emphasis on home grown that will attract young people • More options for parents with young children (2 – 5 years) eg. restaurants with playgrounds and shorter cruises for small children • Reduce road signs on main road - spoils aesthetics • Re-evaluate speed restrictions eg. Surf Beach at 60km - is a bottleneck (suggest make speed limit a maximum of 80 around the entire Island) • Establish walking track around the Island • Create landscaping along the main entry to Phillip Island • Road cycling requires better management - clearly marked lanes as they are taking up the road • Establish electric vehicle charging station at Phillip Island to attract car clubs from Melbourne • Pet friendly accommodation on the Island • RV and Caravan parking and RV dumping station (suggest Newhaven North Side of Road) • Put bike racks on buses and so people can move around Island and ride /hop on and hop off bus • Phillip Island needs an Eden Project • Bike stands like in Melbourne in precincts around the Island – people can ride to precinct and then hop on bus to get back – include bike racks on buses so people have option • Medical services – visitors are not safe on the Island because the response is too slow (suggest upgrade Wonthaggi Regional Hospital to achieve this)	**Accommodation** • 4-5 star eco lodge and conference centre (100 rooms) **Design** • More sustainable eco designed buildings, fitting in with size and scale in keeping with natural values • Better use of renewable energy **Accessibility** • More accessibility around the whole Island and villages within it – bus, bike and walk • Walking tracks and bike trails connecting villages and beaches • Transport to and from attractions • Free bikes and electric courtesy buses • Passenger ferry • Need Roundabouts at Sunderland Bay Road, Woolamai Bay Road and Sunset Strip **What we DON'T want** • More traffic congestion - need to fix the problem • Large scale and tacky developments • Development outside town boundaries • To lose the character of the Island and the personal interactions visitors have **ENABLERS OF SUCCESS** • Clear vision, leadership, cohesion and clear communication between Council and community • Tourism oriented planning framework /training and rural tourism planning guide that maintains rural ambience and limits urban sprawl • Support for rural landowners to transition to farm gate sales
San Remo • Relieve traffic congestion on the bridge – remove pedestrian walkway and make to three lanes – construct separate pedestrian walkway under or adjacent to the bridge	**Summerland Peninsula** • Electric Buses for Nature Parks • Speed control at start of Nature Parks

Cowes	Ventnor
• Master planning for the Cowes Precinct - need to get vision right and build out toward the vision • Revitalise Cowes Foreshore and main street - provide seating, toilets, improve look of buildings - painting, maintenance – offer incentives to retailers and make pedestrian friendly with pedestrian crossings • Invite cruise ships and ensure retailers are co-ordinated to support their spending when they arrive • Transition toward high quality retail • Support car ferry in Cowes • Multi-layer carpark at the back Pino's to reduce traffic congestion • More rubbish bins along beach front • Night markets should be located on the Esplanade • Music festivals in Cowes • Connect bike path between Cowes /Rhyll • Provide more toilets around Cowes and at the boatshed • Illegal camping on beachfront (burning tea tree for beach camping) needs to be addressed • More/improved parking at Cowes (keep angle parking) • Boardwalk from Red Rocks to Grossard Point along Cliff Top • Rental accommodation at peak time disturbs residents at times – need to provide information to visitors to keep noise down if staying in residential area • Upgrade Lovers Walk to attract visitors • Extend the Cowes Jetty to include restaurants and retail and make it like other world class destinations • Cinema • Bike track along waterfront • Make Thompson Ave one way to traffic • Better signage for public toilets • Walking track from Cowes to Ventnor • Make the esplanade extraordinary like Geelong Waterfront	• Walking trail linking Ventnor and Cowes • Upgrade of the parking and the boat ramp
Rhyll / Silverleaves	**Other Locations**
• Purchase of land on Settlement Road for conservation • Connect Silverleaves to Rhyll – paths, walkways and bikes	• Grand Prix and year round events – hotel and airport

From this stage, the project team drafted the Directions Paper for tourism for consideration by Council, community and industry in Stage 3.

STAGE 3 – Draft Directions

Directions Paper

During this stage of the project, the strategic directions presented in the Directions Paper were tested with Council and key industry stakeholders.

During this stage, **the aspirations** were also discussed and agreed to as follows:

Phillip Island and San Remo will:
- Be established as a highly desirable destination attracting visitors that are willing to spend more per day on high-quality accommodation and quality experiences and encourage repeat visitation.
- Generate year-round visitation including mid-week visitation, from a range of both domestic and international markets.
- Build connectivity between accommodation and attractions so visitors can leave the car in the car park and enjoy the Island on foot or on bicycle (or even Segway).
- Manage growth of day visitors and low-value experiences to ensure sustainable long-term growth.
- Be recognised globally for our efforts in conservation and improvement in the quality of the landscape, ecosystems and community well-being through benchmarking to the Global Sustainable Tourism Criteria (GSTC).

The **draft vision** was also discussed and finalised as:

Phillip Island is recognised nationally and globally as a world leading sustainable tourism destination, where tourism is embraced by the community.

The **key target markets** (International experience seekers, domestic inspired by nature and domestic enriched wellbeing) were agreed to as were the markets with the best potential for growth:
- Short-breaks (VFR)
- International day & overnight (China, Asia, UK, USA and Europe)
- Nature-based visitors (Interstate overnight and International)
- Niche Markets:
    - *Touring / Grey Nomads*
    - *Events*
    - *Conferences (esp. 300+)*
    - *Cultural tourism*
    - *Marine tourism (surfing and fishing)*
    - *Education tourism*
    - *Adventure tourism*
    - *Food and Wine*
    - *Rural tourism / Farm stays*
    - *Cruise market*

Feedback on the **Strategic Directions** in the Directions Paper was
- Keep our core market and focus on 2-3 growth markets
- Better leverage motorsports and the track
- Add value not volume
- Use catalyst projects to help deliver the vision
- Retail farms need planning certainty

- Remove, not add barriers
- Effective governance
- Look at alternative transport options

Feedback on the **Catalyst Projects** was also received with all projects supported with some change to the supporting projects as follows:

Governance and Management
- Recognise and support the efforts of volunteers and community groups
- Expand non-motorised marine parks around the Island (i.e. ban motorised watercraft from some more locations)
- Revisit the brand 'Phillip Island'

Value over Volume
- Implement paid car parking at highly visited locations during peak months and assess the long-term viability of a bridge toll
- Development of infrastructure in San Remo to support more day visitors (loop road, car parking, waterfront)

Products and Experience
- Create an Event Acquisition and Development Fund and appoint a dedicated Events Development Officer In Council focussed on quality not quantity
- Continue to roll-out Wi-Fi across the Island
- Examine the potential for a new marina (Newhaven, Cowes)
- Support the future role of the Motorsports precinct and the events
- Support efforts to sell fresh seafood locally

Improve Service and Quality
- Change to Catalyst Project - Become a Leading Destination of the World with international recognition aligned to the Global Sustainable Tourism Criteria
- Feedback also suggested changes to the following supporting projects:
    - As a Car Ferry is a longer-term proposal, **actively encourage the Passenger Ferry** to run at an optimal level prior to building a case for the Car Ferry – assess the feasibility of a **passenger ferry from Melbourne**
    - Education precinct / Education Island approach
    - Small free Island bus service

Draft Directions Industry Forum and Priority Setting

Industry were then asked to define the priorities by answering the following questions:

Start by defining what you aim to achieve (not how but what the results would be), then discuss:
- What projects or actions are needed on the Strategy to activate the vision?
- What are your three catalyst projects?
- What is needed to make each catalyst project happen?

The feedback is summarised on the over pages as follows:

Governance and Management

1. Reinvest the funds collected on the Island to spend on the Island
2. Invest in “Presentation” of the Island
3. Sensitive planning for Phillip Island (a localised approach, one size does not fit all)

Other Projects Discussed

- Have a tourism body that looks at new opportunities for investment
- Tourism needs to be a priority, with planning authority / supporting legislation to make things happen
- Support for an environmental management fee/ tourism special charge
- Council to contribute annually to tourism marketing and management (special charge)
- User pays for visitors (parking, etc.)
- Resources to “make it happen”
- Funding for environment groups – volunteers
- Revenue spent where it is generated

Market Segments

Key Markets	Catalysts
Grow the nature-based market	• Improved nature-based facilities • Nature Parks Penguin Parade/Nobbies Centre upgrade • More walking trails to better connect the Island, proper interpretation
Grow the events and conferences market	• Develop the Isle of Wight/Continental site • Establish a year-round events calendar with significant sponsored events (e.g. women’s sports, senior) • Utilise Cowes Cultural Centre, new Penguin building
Grow the health and wellbeing market	• Develop a spa/wellness centre • More walking and cycling trails • Potential new accommodation

Other Projects Discussed

- Develop a Master Plan for the motorsports precinct with planning overlay
- Have a dedicated events officer
- Contain the town boundaries
- No development of an industrial port
- Improve Cowes Jetty infrastructure
- Build an eco-lodge and health resort

Other Markets Discussed

- Culture (value add attractions such as museums, art galleries, history)
- Food and wine
- Farm
- Education
- Water sports/surfing
- Families (new and immigrants)
- Cruise
- International (Asia, USA, Europe, NZ)

Infrastructure and Investment

Catalyst Project	Mechanism
Investment in the San Remo and Cowes Foreshores	• Paths/shade at the beach • Streetscape enhancement (beautification, sense of arrival) • All-weather design • Facilities for peak season • Improve access (road a visual blocker, road congestion issues)
Improve accessibility via investment in other forms of transport	• Bike/walking trails • Bus (with fare) • Park and ride • Water taxis
Develop a network of trails infrastructure that includes interpretative/information to sell the story of the Island	• Bike/walking trails

Other Projects Discussed

- Tourism charge for day trips (e.g. car parking or toll)
- RV attraction and investment (e.g. dump point)
- Improve beach access and infrastructure (e.g. BBQ/shelters, showers/toilets, kiosks at key beaches)

Rural Tourism

Catalyst Projects

- Review the Rural Land Use Strategy to facilitate rural tourism opportunities and make planning easier. This might include an opportunity to subsidise farm shops.
- Advocate for more renewable energy supply, natural gas supply and recycled water options.
- Advocate for the creation of an investment attraction and facilitation fund to the Australian and Victorian Governments.

Other Projects Discussed:

- Implement terms payment options for new development - investment facilitation/attraction incentives
- Further subdivide farms to facilitate investment in infrastructure
- Quantify how many land holders are interested in rural tourism
- Consider public investment carefully to make sure private investment won't be crowded out by public money

Transport

Catalyst Projects	Delivery Mechanisms
Investigate innovative means to get people around the Island (i.e. promote dispersal)	Extend the Cowes Jetty to enable cruise ship tenders and marine tours (all abilities) Integrated public transport service Investigate other models that exist and work in other areas Water taxis
Get Council to lobby State Government for improvements to road quality and transport means	Government subsidies for transport providers

Other Projects Discussed

- Replace Newhaven roundabout with better flow roundabout
- Development of an inter-town shuttle service
- Development of a coordinated bus service
- Widen the roads
- Use technology as indicator of where blockages are – freeway sign warning
- Park and ride services
- Better car parking at beaches and attractions
- Open the roads to the Nobbies Centre, Cape Woolamai etc. for private and public use
- Look into the feasibility of a smaller bus fare and support private enterprise
- Linkages with transport options on Mornington Peninsula and marketing of options
- More ferry services from Melbourne and Mornington Peninsula each day
- Fly, monorail, car and passenger ferry, train, bikes

Marketing and Branding

Catalyst Projects	Delivery Mechanisms
Align the vision of brand and marketing across industry and organisation, incorporating sustainability and conservation messages	Promote the brand to industry and organisations Run workshops and provide kits to allow industry to use the brand
Educate and encourage industry to raise their standards to align with the branding and vision	Attract champions of industry to area to motivate and inspire industry with best practices
Encourage the development of year round tourism opportunities (e.g. hot springs, conferences, events, indoor attractions)	Market the destination to potential investors, businesses and local government

STAGE 4 – Draft Strategy

The Phillip Island and San Remo (Draft) Visitor Economy Strategy 2035 was released by Bass Coast Shire Council for public comment at the end of April 2016. Submissions closed on Friday, 27 May 2016. The community and industry were invited to comment on the Draft Strategy through Council's website or through two Open Houses which were held during the feedback period. Table 1.4 below summarises the feedback received on the Draft Strategy.

Table 1.4: *Summary of Feedback from Community Open Houses on Draft Strategy*

General Comments	• The Strategy gives the community a way forward – something has to change as we are losing out to other destinations • The document is too large – readers cannot consume all the ideas in the document • It is hard to work out what the priorities are – it is difficult to follow • Suggest actions are prioritised • There is not much in the Strategy for 'residents' • Description of what the Island will be like is not realistic • There are currently three golf courses: San Remo has two and Rhyll has one. More information is required about which golf course at San Remo is *the world's most challenging* or is the experience going to include all three • There are some game changing priorities with major environmental impact – marina, golf courses, etc., however there is little reference to climate change and its impact • Penguins will be affected by climate change and motor sports rely on fuel – we need to do something different and significant - we need to create sustainable enterprise,

	something driven by the community.
Game Changer Projects	**Marine Access** • **Car ferry** - When the Island is at capacity in 20 years' time – we need to have another access alternative transport and access is a major priority for the Island - The car ferry will support tourism and the visitor experience –it will bring more visitors and support the development of infrastructure - The proposed location will not work as there is limited space at the Yacht Club – a better location would be at the caravan park - The impact of suggested location on traffic in Cowes would be significant. Suggest that parking while waiting for ferry could be placed somewhere else to avoid congestion - The car ferry is not a solution for residents but they will suffer the impact - The sand movement and 1 metre tides makes this location prohibitive – one way to overcome this might be a Locke system (gravity fed via wind turbines) • **Cowes Jetty Upgrade** - This idea would benefit the current passenger ferry that gets cancelled due to high seas, cruise ships would also benefit - A multipurpose jetty for cars and passengers would be a better outcome **South Coast Lodge** • The concept is supported as it is necessary and will fill a gap in the market • This concept is not supported as it has been tried before and will not happen as investors get cold feet **Events Funding** • The concept is supported – we need to give visitors something to do • It is doubtful if visitors will attend events in the colder months – wind and rain is not very appealing • Whale watching platforms and infrastructure should be considered • Winter whale watching events are becoming very popular elsewhere – infrastructure and interpretation would help with this (apparently Minister Hunt previously supported this idea) **Walking Trails** • Walking tracks need to be a mix of all access Grade 1, 2 and 3 tracks • Suggest plan identifies Park and Ride/Walk vehicle parking areas to encourage people to leave car and walk/bike to key destinations around the Island **Hotel and Convention Centre** • The concept is supported and needed • Investors have tried before at the Isle of Wight site **Recognisable Tourism Brand** • Supported generally – no comments to the contrary
Precinct Specific Comments	**San Remo** • Until you solve the problems of San Remo you cannot solve the problems of Phillip Island • There is not enough in the Strategy for San Remo • The Strategy needs to answer how San Remo fits into the future of Phillip Island • It has made references to a golf course - which one is it referring to as there are two (Cliff Coast and Bass Coast Golf Courses). One is partially constructed • The elephant in the room is entrance and exit from the Island • The suggestion of a toll is not acceptable • The Strategy fails to address the issue with the bridge

	• Car parking at San Remo is required – relocate current parking and make a nicer place to enjoy café's – but the location is critical • Designated bus parking is required • Walking tracks should be retained on public land only – not through golf courses (Pathway Strategy 2016) • Need to answer the question – how can San Remo help with Phillip Island's dilemma? • Walking tracks through private land and 16 Hole Golf Course is absurd - suggest to meet with landholders as tenants to discuss • Road realignment and alternative exit route suggested through Shetlands Heights Road to Netherwood Lane/Potters Hill Road. This route follows the old railway easement and should be used for emergency access and to reduce peak flows • Will need to provide some incentive to farmers to make this happen • Suggest that the San Remo Museum is a great place to outline the history of Phillip Island • Why hasn't a passenger ferry to San Remo been suggested? • What will visitors do when they are waiting to get on to the Island - suggest make San Remo a better place. The Strategy suggests a stand-alone destination but it falls short of ways to achieve that • A marina at San Remo was once proposed and should be further explored
	Cowes • The town is dying – we need the lift as outlined in the Strategy • The triangle revitalisation is much needed (note comments on skate park) • Tree lined streets will not work – it is impractical – Council chop them down or people do for the views – need to be realistic • Skate Park (as Part of Cowes Activity Plan) – the location is not supported as it is replacing a use that is compatible with the area (BBQ and picnic for families – this was mentioned twice by local residents. The current use of the area is preferred. The visual impact of the skate park was also a concern for residents who live across the road. It was suggested that it stay where it is currently located. • Disabled toilets need to be provided in Cowes with ramps and handrails (Council has an all access wheel chair but does not have the infrastructure to support people using it)
Other Comments	**Governance** • The suggested structure will not work or change anything – We need strong leadership and Council will not deliver • Council remains a major barrier to tourism progress under the proposed model • The Council will continue to undermine the growth of tourism **Grand Prix Circuit** • Not enough attention has been given to the Grand Prix Circuit and the importance of this infrastructure in the future • It could be a game changer and the value should be recognised – it is not strong enough in the Strategy **Airport** • If the airport land is sold for residential we will never get the chance to establish this as an airfield/airport again • Suggest airport is critical – particularly for high net worth visitors and rezoning of the land will prevent use for this purpose **Revegetation** • Target of 100 metre vegetation corridor is not realistic. Want to know the rationale for 100 metre prescription

- Landcare suggest otherwise and would prefer the middle of the Island
- Trees will get lopped by the community to maintain views – need to change mindset

Eden Project
- Should be considered a game changer as a way of delivering on the vision
- One site at the tip or another alternative is three smaller satellite sites throughout the region – this will support sustainability, education and research

Branded Accommodation
- Concept supported that is what the Island needs
- This concept has been tried and was unsuccessful
- Branded accommodation is not really that important for visitors

Rural Activity Zone
- This concept is not supported as the real pressure on farmers is the rates they have to pay – if they could get rate relief that would help

Emergency Access and Medical Facilities
- Emergency access is a key consideration if the suggested capacity is to be reached
- How will medical emergencies be dealt with – whilst this is not strictly a tourism issue it is a major consideration – Alpine resorts suffer the same access challenges

Transport
- Locals did not use the Island Explorer last summer – a lot of internationals did
- Locals and domestic visitors need incentives to use the transports service

Access
- The bridge needs to be replaced and the Strategy should address this issue
- The proposed bridge toll is not acceptable – the charge will need to be invisible
- Great Southern Road – should become a bike-friendly touring route on the Island, however keeping some driving routes will be important for those who cannot get around
- Electric vehicles are essential – it is in keeping with the vision

Revenue Opportunities
- It would help if the report could clearly outline where the revenue was coming from (i.e. commercial holiday houses, bridge toll, parking)
- Parking fees are not supported – residents will not accept that they have to pay and should be exempt
- It will need to be determined the cost effectiveness of parking fees given cost of salary for enforcement

Appendix 2

Register of Reviewed Documents and Strategies

Document Title	Owner/Author	Version	Date of Publication
2015 Review of the San Remo, Newhaven and Cape Woolamai Structure Plan	Bass Coast Shire Council	Final	2015
Amendment C115 – Stony Point – Cowes Vehicular Ferry, Cowes Transport Terminal	Bass Coast Shire Council	Final	2010
Bass Coast Arts and Culture Plan 2015-2019	Bass Coast Shire Council	Final	2015
Bass Coast Shire Council Economic Development Strategy 2016-2021	Bass Coast Shire Council	Final	2016
Bass Coast Shire Council Natural Environment Strategy 2016-2026	Bass Coast Shire Council	Final	2016
Bass Coast Shire Council Plan 2013 – 17	Bass Coast Shire Council	Final	2013
Bass Coast Planning Scheme	Bass Coast Shire Council	Final	2006
Bass Coast Rural Land Use Strategy	Bass Coast Shire Council / RMCG	Final	2014
Bass Coast Shire Rural Tourism Development Study	Bass Coast Shire Council / Urban Enterprise	Final	2009
Bass Coast Shire Tourism Profile 2011	Bass Coast Shire Council / Urban Enterprise	Final	2012
Bass Coast Shire Tourism Research and Economic Impact Study 2009	Bass Coast Shire Council / Urban Enterprise	Final	2010
Bass Coast Sustainable Communities Initiative	CSIRO	Final	2010
Bass Coast Towards 2030	Bass Coast Shire Council	Final	2008
Boating Coastal Action Plan	Central Coastal Board	Final	2007
Council Plan 2013-17	Bass Coast Shire Council	Final	2013
Cowes Activity Centre Plan	Bass Coast Shire Council	Final	2015
Cowes Cultural Precinct Master Plan	Bass Coast Shire Council	Final	2014
Cultural Heritage Management Plan	Bass Coast Shire Council	Draft	2010
Environment Sustainability Plan 2008-2013	Bass Coast Shire Council	Final	2013
Gippsland Freight Strategy	Gippsland Local Government Network	Final	2013
Gippsland Regional Growth Plan	Victorian State Government	Final	2014

Gippsland Sustainable Regions Tourism Project	Destination Gippsland / Urban Enterprise	Final	2007
Gippsland Tourism Strategic Direction	Destination Gippsland	Final	2013
Great Ocean Road Destination Management Plan	Great Ocean Road Tourism	Final	2012
Melbourne South East Region Freight Strategy	Victorian Government	Final	2016
Mornington Peninsula Localised Planning Statement	Victorian Government	Final	2014
Motorcycle Tourism Strategy	Visit Victoria	Final	2013
Phillip Island and San Remo Design Framework	Bass Coast Shire Council / Hassell	Final	2003
Phillip Island Brand Book	Visit Victoria	Final	2012
Phillip Island Integrated Transport Study	Bass Coast Shire Council / GTA Consultants	Final	2014
Phillip Island Nature Parks Strategic Plan	Phillip Island Nature Parks	Final	2012
Phillip Island Nature Parks Summerland Peninsula Infrastructure & Procurement Master Plan 2012	Phillip Island Nature Parks	Final	2012
Phillip Island Strategic Tourism Plan	Destination Phillip Island Regional Tourism Board	Final	2014
Phillip Island Natural Parks Summerland Peninsular Infrastructure and Procurement Master Plan	Phillip Island Nature Parks	Final	2012
Phillip Island Nature Parks Strategic Plan	Phillip Island Nature Parks	Final	2012
Phillip Island South and North Coast Key Area Plan	Phillip Island Nature Parks	Final	2014
Phillip Island Visitor Navigation Plan 2013-2015	Visit Victoria, VicRoads, Bass Coast Shire Council, Destination Phillip Island Regional Tourism Board	Final	2013
Policy on Contemporary Expressions of Boon Wurrung History and Culture	Boon Wurrung Foundation	Draft	2015
Review of the San Remo Structure Plan	Bass Coast Shire Council	Review	2015
Scenario Planning for Western Port Bay	The Victorian National Parks Association	Final	2014
Social and Economic Impact of Events Report	Bass Coast Shire Council / Urban Enterprise	Final	2011

Stony Point – Cowes Vehicular Ferry	Bass Coast Shire Council	Final	2010
Tourism 2020	Tourism Australia	Final	2011
Tourism Employment Plan – Mornington Peninsula & Phillip Island	Victorian State Government	Final	2014
Traffic and Parking Management Plan	Bass Coast Shire Council	Final Report	2010
Victoria Nature Based Tourism Strategy	Visit Victoria	Final	2008
Victoria's 2020 Tourism Strategy	Visit Victoria	Final	2013
Victoria's China Tourism Strategy	Visit Victoria	Final	2012
Victoria's Regional Tourism Strategy	Visit Victoria	Final	2013
Victoria's Trails Strategy	Visit Victoria	Final	2014
Victorian Coastal Strategy	Victorian State Government / Victorian Coastal Council	Final	2014
Victorian Tourism Workforce Development Plan	Visit Victoria	Final	2010
Western Port Biosphere Reserve	Western Port Biosphere Foundation	Pilot Report Card	2013
Western Port Biosphere Reserve Biodiversity Plan	Western Port Biosphere Reserve Growing Connections Project	Draft	2015

Tourism Alignment to the Community Vision

The role and contribution of tourism in Phillip Island and San Remo are well-recognised and incorporated into a wide number of the region's strategies[1] that direct planning, economic and social outcomes. Some of the key documents include:

Gippsland Regional Plan (2015-20) The purpose of this long-term strategic plan is to improve the economic, social and environmental outcomes for the Gippsland region. The Plan recognises the importance of the visitor economy and its role in the regional economy, and lists increasing visitors and overnight stays as a strategic priority.

Gippsland Regional Growth Plan (2014) This Plan covers the municipalities of Bass Coast, Baw Baw, East Gippsland, Latrobe, South Gippsland and Wellington and contains strategies for future land uses. The Plan recognises Phillip Island as a 'Strategic Tourism Investment Area' where tourism development should be encouraged, and includes the action to prepare a 20-year tourism strategy for the region.

Bass Coast Shire Council Plan (2013-17) This Plan defines how Council will continue to deliver high quality services and plan for the challenges that may face the community, including tourism pressures. The Plan defines Bass Coast Shire's vision as a recognised unique place of environmental significance where quality of life and sense of community is balanced by sustainable and sensitive development, population and economic growth.

[1] **Please note** – *this is not an exhaustive list of strategies, but rather a highlight of some of the key documents that link to tourism.*

Bass Coast Towards 2030 (Community Vision) (2008) Bass Coast Towards 2030 dictates the future vision for the Bass Coast Shire and highlights the region's aspiration to be globally celebrated and visited for its natural assets by 2030.

Bass Coast Shire Council Natural Environmental Strategy (2016-2026) This Strategy reaffirms the need for Phillip Island and San Remo's unique natural environment to be protected, maintained and enhanced to ensure it can continue to be enjoyed by all in the future.

Bass Coast Shire Council Economic Development Strategy (2016-2021) One of the Strategy's key directions is to maximise the visitor economy through year-round opportunities that appeal to a wide mix of domestic and international visitors, with a focus on events and nature-based activities. The Strategy also identifies the importance of revising policies and regulations surrounding rural, tourism and event land use.

Phillip Island Integrated Transport Study (2014) This Study provides recommendations for an integrated transport system for Phillip Island and San Remo that will successfully manage the challenges of peak season demand and growth for both visitors and residents. One of the Study's core objectives is to "provide alternative models of transport to private car use".

Cowes Activity Centre Plan (2015) This Plan addresses the increased pressure faced by Cowes during peak holiday seasons to ensure the town's vibrant character and natural environment are protected and can be enjoyed by residents and visitors into the future.

Policy on Contemporary Expressions of Boon Wurrung History and Culture (Draft, 2015) This draft document provides policy guidelines to assist with the presentation and promotion of Boon Wurrung history and culture, specifically in the areas of custodianship, language promotion and preservation, interpretation and implementation.

Tourism's Alignment to the Destination Vision

Phillip Island and San Remo's position as a tourism region has also been documented in a series of tourism-focussed plans and strategies from the broader Gippsland and Victoria destinations. Some of these key documents include:

Victoria's 2020 Tourism Strategy (2013) This Strategy is a whole-of-government document providing a clear vision for how the tourism industry can increase its economic and social contributions to the State. It contains actions of relevance to tourism on Phillip Island and San Remo and highlights the importance that major events (such as the Australian Motorcycle Grand Prix) have on tourism in Victoria.

Victoria's China Tourism Strategy (2012) This Strategy aims to grow Chinese overnight visitor expenditure to Victoria beyond a business-as-usual prediction of 7% per year to more than 11% per year by 2020, delivering over $2 billion in annual visitor expenditure. The Strategy acknowledges the Penguin Parade as one of the most important attractions in Regional Victoria to encourage increased length of stay and dispersal of Chinese visitors from Melbourne.

Victoria's Regional Tourism Strategy (2013-2016) Building on the foundations set by Victoria's 2020 Tourism Strategy, this document includes key directions to establishing an intrastate marketing program that creates awareness of the diversity and accessibility of Victoria. Specific strategies for Phillip Island and San Remo include the redevelopment of certain products and experiences, such as the Phillip Island Nature Parks, to raise the Island's profile as an internationally recognised visitor experience.

Phillip Island Nature Parks Strategic Plan (2012-17) This Strategic Plan outlines the major steps to be taken in the five years towards achieving the vision for the future of the Nature Parks, 'to be a world-recognised place of conservation excellence, providing outstanding and authentic experiences for all', supported by a contemporary governance framework. One of the key priorities includes addressing the risks posed by the ageing infrastructure of the Penguin Parade and Visitor Centre.

Gippsland Tourism Strategic Direction (2013-2018) This Strategy aims to generate economic benefits to the region and build the competitiveness of the Gippsland tourism industry by identifying actions for new product and destination development, marketing and visitor service excellence. The Strategy includes the development of a Penguin Parade master plan as a tourism infrastructure project.

Phillip Island Strategic Tourism Plan (2014-2019) This Plan outlines priority strategies and actions to be implemented by the Destination Phillip Island Regional Tourism Board, in collaboration with the Bass Coast Shire Council, Phillip Island Nature Parks, Visit Victoria and the local tourism industry and community to 2019. The Plan provides strategic direction for annual business planning by the Regional Tourism Board and will inform other regional and local government economic, tourism and community planning.

Tourism Employment Plan – Mornington Peninsula & Phillip Island (2014) This Plan is a 'Tourism 2020' strategy initiative specifically designed for the Mornington Peninsula and Phillip Island destinations. It seeks to assist the tourism and hospitality sector in the regions to tackle workforce challenges and help develop the workforce capacity required to support industry growth. It provides the Phillip Island tourism and hospitality industry with a comprehensive approach to collaborate on strategies that will strengthen their workforce by identifying clear objectives.

Gippsland Freight Strategy (2013) This Strategy considers international tourist buses to Phillip Island to be part of the Freight task. It describes Phillip Island Tourist Road as a strategic link in Victoria's road network for tourism. It mentions the proposed long-term tourism strategy for Phillip Island and an integrated transport vision for San Remo and Phillip Island (PIITS). A key recommended action in the Freight Strategy is to review Phillip Island Road Corridor Strategy to support the growth in the movement of tourist and freight.

Melbourne South East Region Freight Strategy (2016) This Strategy outlines tourism as one of the main industries in Bass Coast Shire and discusses the impact of tourist coaches on Phillip Island Road. The key road corridor to serve the tourism industry at Phillip Island is outlined as Bass and South Gippsland Highways with Koo Wee Rup Road link to the Princess Highway providing the most direct access to the more efficient freeway network. This Strategy names Phillip Island Road upgrade including roundabout projects as a regional priority project.

Appendix 3

Destination Overview

Community Profile

COMMUNITY SNAPSHOT

One of Victoria's most **popular surf beaches** and the **State's first National Surfing Reserve**

Hosts **MotoGP and World Superbikes** – the two **biggest regional events in Victoria**

Victoria's **first European settlement**

Full of **rich Boon Wurrung history dating** back 40,000 years

Above average volunteer participation in environmental activities by residents

Popular **holiday home destination** for Melbourne residents

Population

The current **population of Phillip Island and San Remo is just over 11,000**. It is primarily made up of **retirees and mature couples aged 60-64 years old, and has an average household size of 2.1 persons.** [2] Given the region's close proximity to rapidly expanding Melbourne, the region now **falls in the commuting belt of the city's eastern suburbs**, offering residents more affordable housing options and the perfect location for holiday homes. The region is also located in the **traditional lands of the Boon Wurrung people**, who continue to play an active role in maintaining and protecting their culture and heritage.

Access

Congestion on the Bass Highway and Phillip Island Road becomes an issue for both visitors and residents during peak season. VicRoads currently reports an **annual average daily traffic volume on the bridge of around 12,000 vehicles** and this is estimated to be **increasing by 5% each year.**[3] Although a passenger ferry between Cowes and Stony Point is available, its main appeal to residents at present is for **day trips to the Mornington Peninsula**.

Land Use

The *Bass Coast Residential Land Supply and Demand Assessment* (Bass Coast Shire Council, 2015) indicates the region has nearly 20 years of land supply (vacant lots and broad hectare land zones) available for residential development. Demand prediction figures in the report indicate there is **17 to 20 years of land supply available across Bass Coast Shire** and a **total lot supply of 8,748**. **Cowes currently has the second highest total land supply for the region**, with 1,544 lots equating to **17.65% of total available lots**.

[2] Australian Bureau of Statistics, *Census of Population and Housing*, 2011
[3] VicRoads, *Annual Average Daily Traffic Volumes*, 2015

Environmental Profile

ENVIRONMENTAL SNAPSHOT

Home to the **largest Little Penguin colony** in Australia

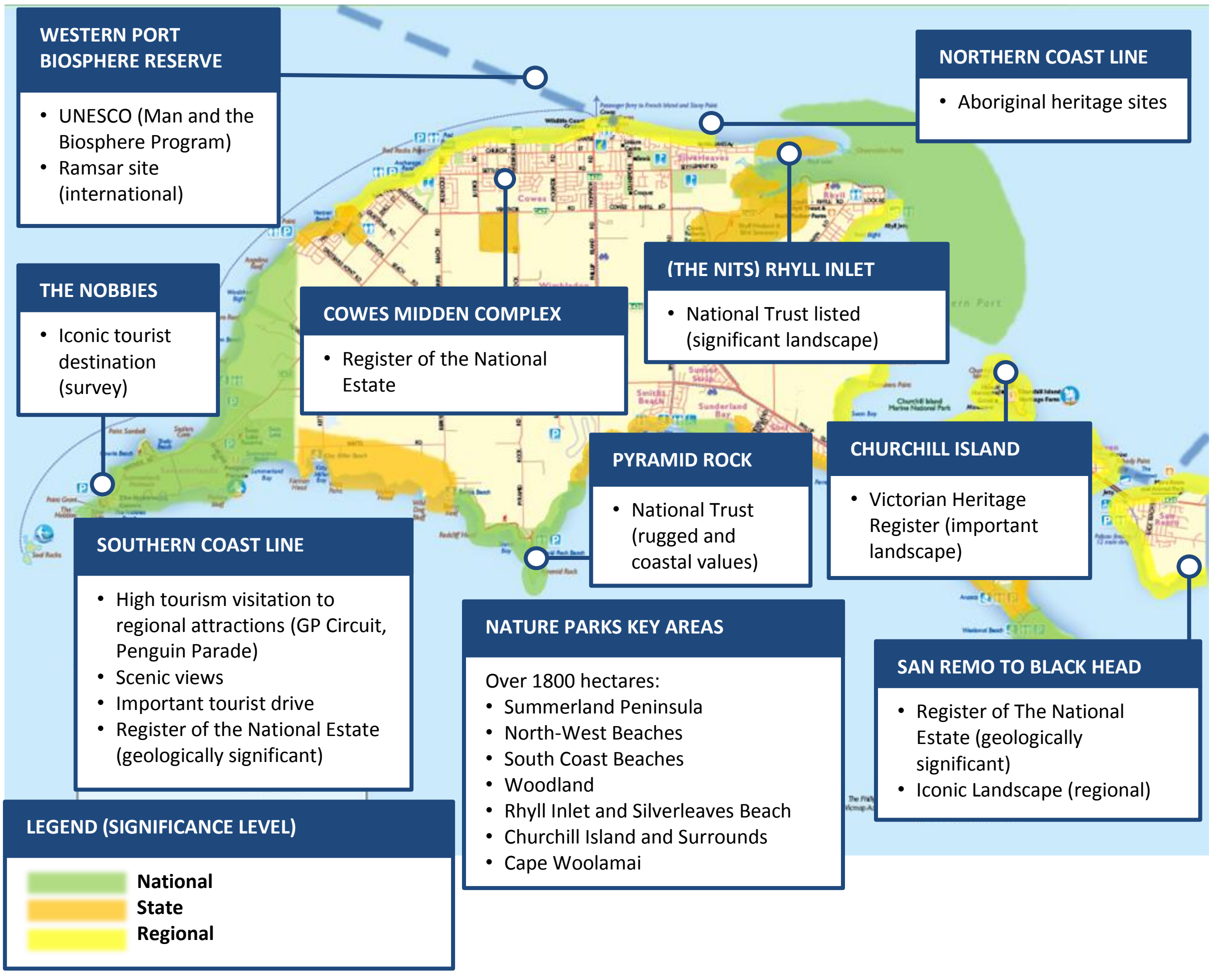
Home to **8% of the world's total population** of Short-tailed Shearwaters

The **largest breeding colony** of Australian Fur Seals

A scenic **coastal and rural landscape** of **outstanding natural beauty**

The region **is famous for its wildlife** – home to important fauna such as the Short-tailed Shearwaters, Little Penguins, Australian Fur Seals and Koalas. The local ecology includes diverse and significant habitat types including mangroves, seagrass meadows, saltmarsh, deep channels, cliffs, bluffs, dunes and mudflats. **Many areas around Phillip Island and San Remo are recognised as being of regional, state or national significance** (Figure 3.1), and the region is globally recognised as part of the UNESCO Western Port Biosphere Reserve and Ramsar Site. The majority of these areas of significance are currently managed by Phillip Island Nature Parks and supported through the region's various volunteer groups.

Figure 3.1: *Areas of Landscape Significance*



Economic Profile[4]

ECONOMIC SNAPSHOT

The **second most tourism dependent economy** in Australia (the most dependent in Victoria)

Construction, accommodation and food services are the top industry employment sector.

Facing a **tourism labour and skills shortage** of 700 workers

Tourism on Phillip Island generates 5.25% of Bass Coast Shire's **economic output**

Industry Sectors

The **top industries for employment** in Phillip Island and San Remo are **construction, accommodation and food services**. Construction remains Bass Coast Shire's main import and export, likely benefitting from its proximity to the rapidly expanding Greater Melbourne, which has become **Australia's largest-growing city** and is growing at a rate of 2.2% per year (0.6% higher than the current national average).[5]

Skills and Labour

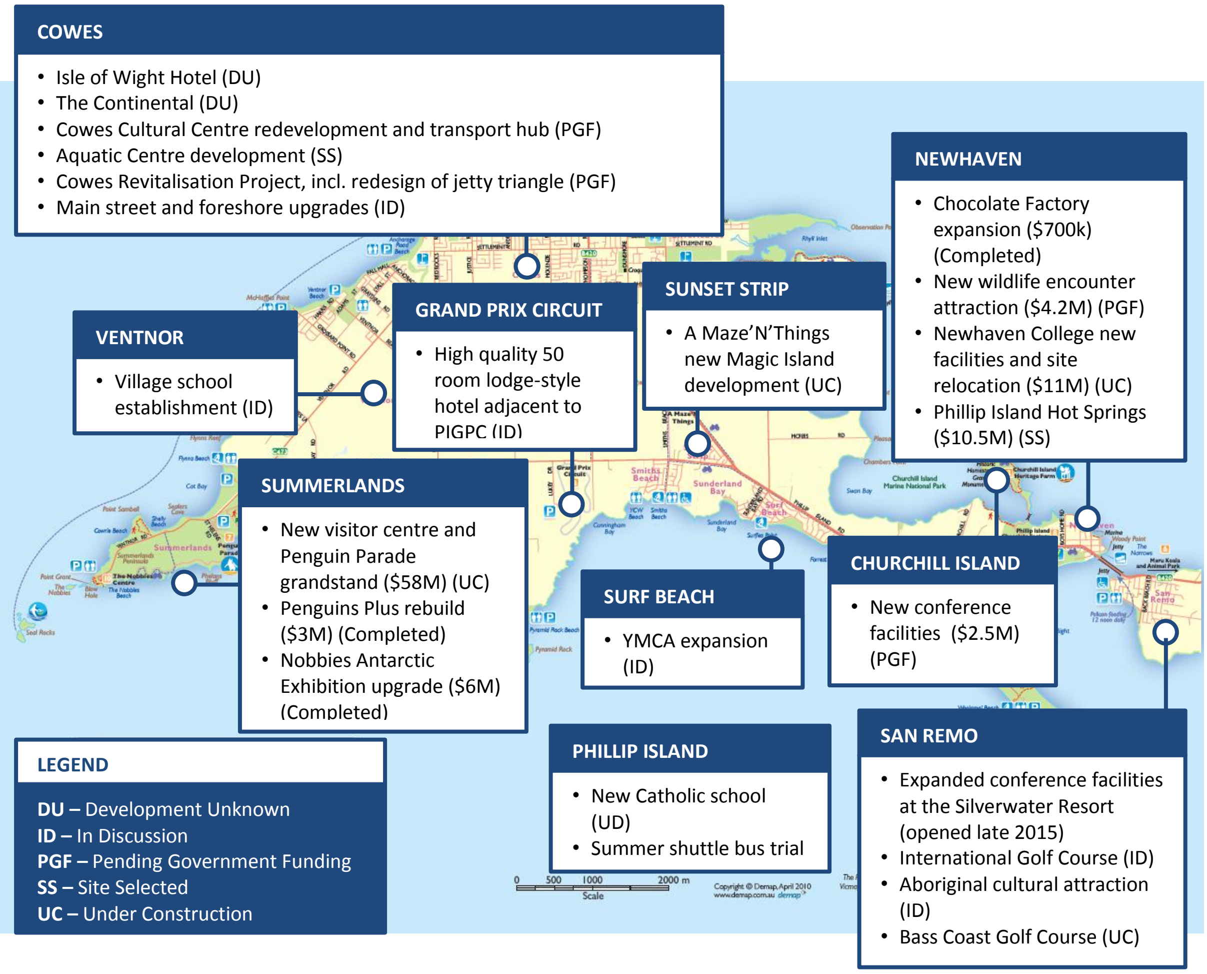
Phillip Island and San Remo are **currently facing a labour and skills shortage**, with the recent *Tourism Employment Plan – Mornington Peninsula & Phillip Island* (AusTrade, 2014) reporting an estimated shortage of 700 workers in 2015. While this is part of a broader labour and skills shortage facing Australia's tourism industry, the shortage in Phillip Island and San Remo **is only expected to rise towards 2035**, emerging from an ageing population and the continuing loss of young adults to more populated regions for education and employment. This means that Phillip Island and San Remo's workforce will be **unable to meet the 2035 visitor demand** – significantly **impacting the accommodation and food services sector –** and will need to be addressed if the region wished to reach its full tourism potential.[6]

Investment

Phillip Island and San Remo experienced a boom in new product development in the 80's and 90's. The last eight years has seen resurgence in new developments (Antarctic Experience, Silverwater Conference Facility and Eco Boat tours) and the next few years should see the development of a number of new products, including a hot springs facility with an investment value of over $10M (Figure 3.2). In general, however, the region has not seen the same level and quality of investment as other parts of Australia – particularly in branded accommodation. **Further investigation** of appropriate investment and infrastructure opportunities (e.g. rural and nature-based tourism) **will be required to ensure these meet the planned demand for 2035 and align to the key tourism objectives for the region**.

[4] REMPLAN, *Bass Coast Community Profile*, 2011
[5] Australian Bureau of Statistics, *Regional Population Growth, Australia*, 2013/14
[6] Victorian Government ,*Tourism Employment Plan –Mornington Peninsula & Phillip Island*, 2014

Figure 3.2: *Recent and Planned Investment Projects*



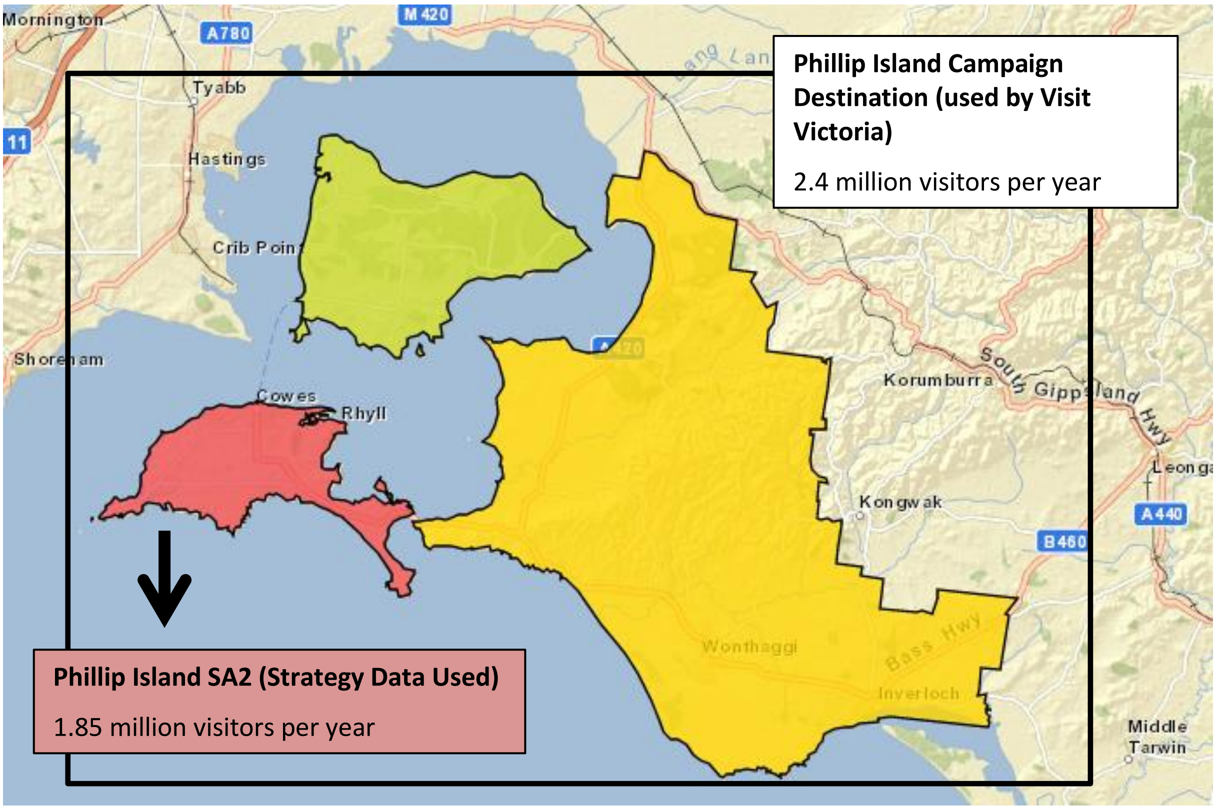
Appendix 4

Current Visitor Profile

The following section provides an overview of the key market trends impacting the region's visitor economy. The data collected is sourced from the latest available National and International Visitor Survey data during the time of publication.[7]

It should be noted that for the purpose of this Strategy, **only data collected for the Phillip Island Statistical Area (SA2) has been included** – representing a subset of the area that is currently used by Visit Victoria to form the statistical area known as the Phillip Island Tourism Region. While it is recognised that San Remo is an integral part of the destination and this Strategy, it has been excluded from the following analysis (unless otherwise indicated) to avoid counting the major areas of Wonthaggi and Inverloch that sit outside of the focus area of this Strategy (Figure 4.1).

Figure 4.1: *Differentiating Between the Phillip Island Tourism Region and Phillip Island Statistical Area (SA2) Region*[8]



Legend:

- French Island SA2
- Phillip Island SA2
- Wonthaggi-Inverloch SA2

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[7] Tourism Research Australia, *National and International Visitor Surveys*, year ending December 2015
[8] Image courtesy of Tourism Research Australia

Table 4.1: Visitation Snapshot (Year Ending December 2015)

VISITATION

Phillip Island received approximately **1.85 million day and overnight visitors**

92% of international visitors to Phillip Island are **day trip visitors**

2.2% increase per annum in domestic and international visitors since 2011

1.39 million domestic visitor nights and **97,700 international visitor nights**

Average length of stay of **2.54** for domestic overnight and **2.43** for international overnight (excluding day trippers)

Domestic overnight visitors have the highest spend per night ($120)

KEY MARKETS

74% of the total domestic market originates **from Melbourne**

China, Asia, Europe, North America, the UK and New Zealand are key international markets

26% of all visitors are aged 55 or older (**↑3%p.a.** since 2011)

12% of visitors are aged **30-34,** the 2nd largest demographic (**↑11%p.a.** since 2011)

PURPOSE & TOP ACTIVITIES

Going to the beach is the **top activity** for domestic day and overnight visitors

37% of visitors participate in social activities (**↑0.1%p.a.** since 2011)

The main purpose of visiting Phillip Island is for **Holiday** (domestic and international visitors)

Active outdoor activities have grown **12%** since 2011

General Trends

Visitation

This past year (2015), Phillip Island received approximately **1.85 million day and overnight visitors**. Domestically, this is comprised of approximately **548,100 domestic overnight** and **851,400 domestic day trip visitors** and represents a **2% increase per annum in both markets** since 2011, despite a 36% decline in the domestic overnight market from last year. A total of 2.4 million visitors per annum visit the Phillip Island Tourism Region, of which 61% go to the Island.

In terms of international visitors, Phillip Island saw approximately **458,400 international visitors** this past year – a **10% per annum increase** in this market since 2011.

Domestic and international overnight visitation can be further dissected into those who stay overnight on Phillip Island, and those who visit the region but stay overnight in another location. **Overnight day trips make up a significant portion of Phillip Island's visitor market (29% of total visitors)**, but are not publically reported on by TRA.

TRA places visited data for the year ending December 2015 indicates that **17% of domestic overnight visitors and 91% of international visitors to Phillip Island are day trip visitors** who overnight in another location (most likely Melbourne). Both markets have witnessed a steady increase in this day trip group over the past five years.[9]

Origin of Visitors

Domestic visitors are primarily from Victoria (92%). Of this group, 76% of day trip visitors and 71% of overnight visitors are from Melbourne (accounting for 69% of the total domestic market). While the majority of domestic visitors are from Victoria, New South Wales and Western Australia are two additional domestic origin markets for the region.

Internationally, key international origin markets for Phillip Island include Asia, Europe, North America, the United Kingdom and New Zealand.

Of these top international markets, the origin is further dissected by overnight and day trip markets:

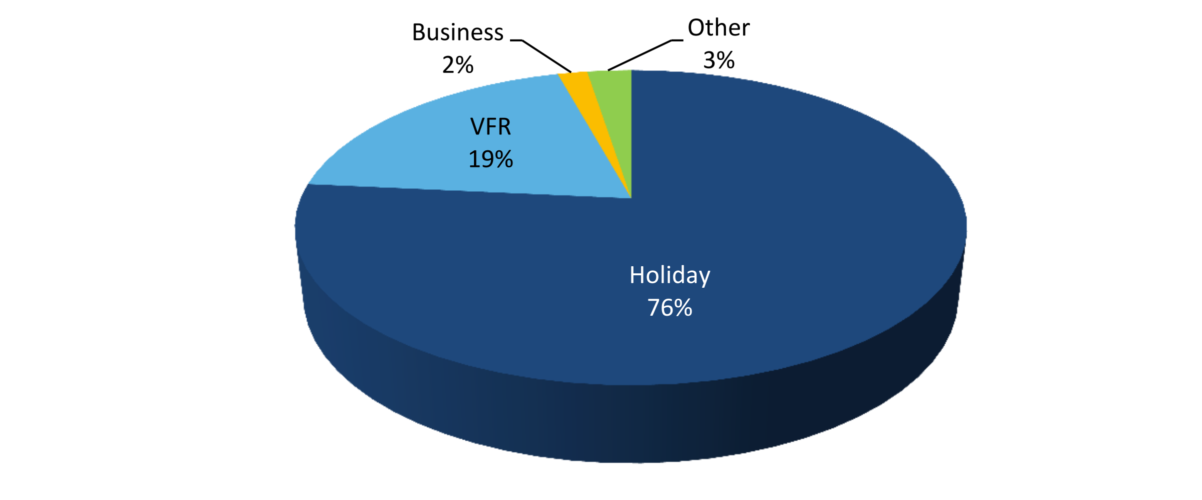
Top International Overnight Markets	Top International Day Trip Markets
1. UK (15.4%) 2. China (12.8%) 3. Singapore (12.2%) 4. USA (10.3%) 5. Germany (10.0%)	1. China (23%) 2. UK (9.5%) 3. Malaysia (7.3%) 4. USA (6.9%) 5. Hong Kong (6.7%)

Purpose of Visit

The primary purpose of visit for both domestic and international visitors is **Holiday, followed by Visiting Friends and Relatives (VFR).** Holiday accounts for 76% of all visitation while VFR accounts for 19% (Figure 4.2). This analysis provides a clear picture – holiday visitors are proportionately very important to the area. The five year trend indicates that holiday has increased by 3% and VFR has increased a significant 35%, while business as a purpose of visit has decreased by 52% between 2011 and 2015.

[9] Tourism Research Australia, *Unpublished data*, (year ending December 2015)

Figure 4.2: *Phillip Island Visitors by Purpose of Visit*

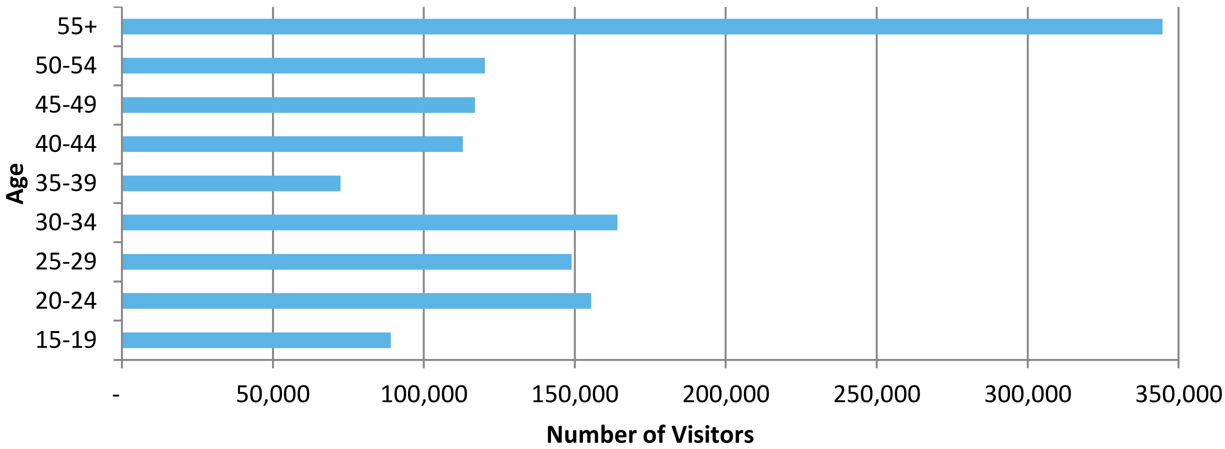


Age of Visitors

The majority of total visitors to Phillip Island are in the **55+ age bracket**, accounting for 26% of all visitors (Figure 4.3). While this age group has continued to grow by 3% per annum since 2011, it is the **45-49 age group that has witnessed the greatest growth**, equating to a 15% per annum increase since 2011.

The **second largest group of visitors are aged between 30-34 years** (12% of all visitors). This group has witnessed an increase of 11% per annum since 2011.

Figure 4.3: *Age of Visitors to Phillip Island*

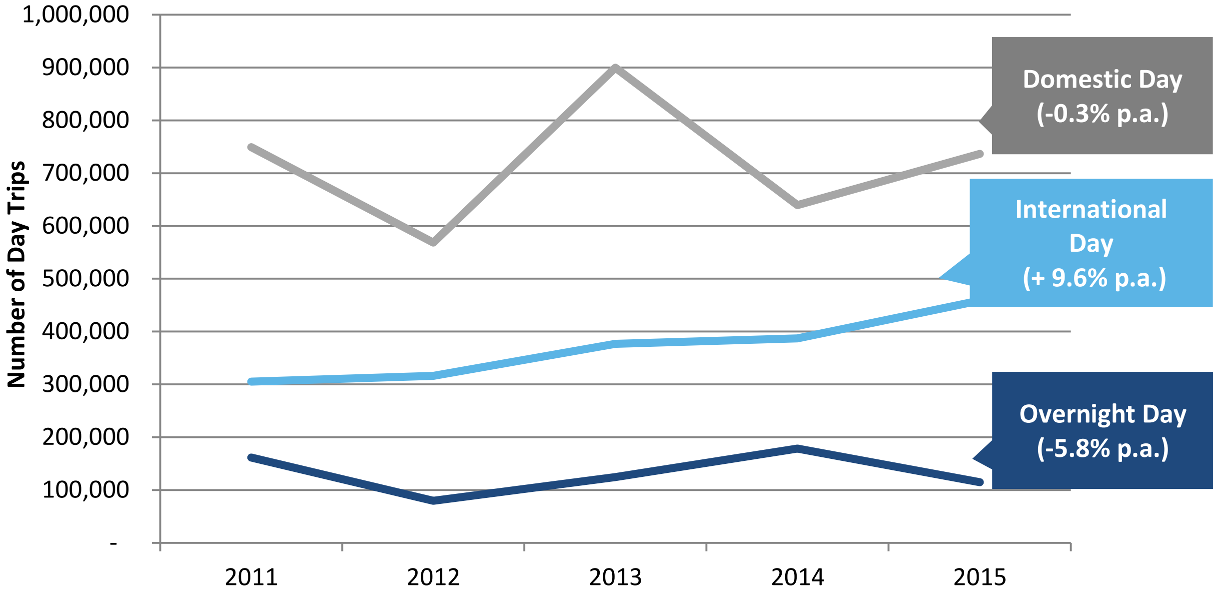


Key Trends

High Day Trip Visitation

Phillip Island currently receives **1.27 million day trip visitors** each year (68% of total visitors to the region), and this number has steadily **increased by 1.3% each year since 2011** (Figure 4.4). The majority of 'day trip' visitors are largely either **Melbourne residents**, or those travelling and staying overnight in Melbourne (such as interstate and international markets) and are driven by visitation to the Penguin Parade.

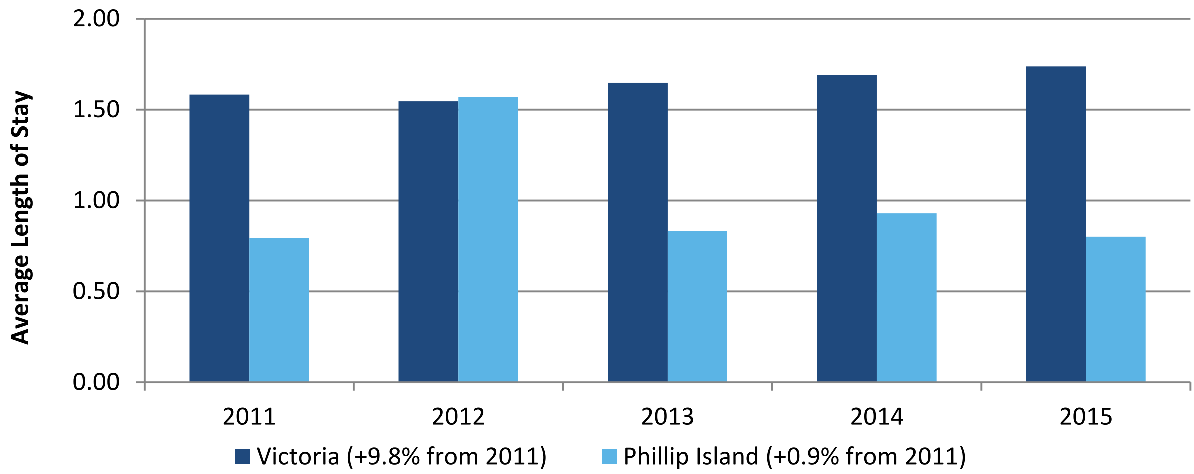
Figure 4.4: *Domestic and International Day Trip Patterns – 5 Year Trend*



Declining Overnight Stays

The overall **average length of stay** (ALOS) for Phillip Island (0.8 days) is **0.94 days lower than the State average** (1.74 days), largely driven by the region's high proportion of day visitors (Figure 4.5).

Figure 4.5: *5 Year ALOS Trends for Total Visitors (Day and Overnight Trips)*



If we exclude day trippers, however, the **ALOS for domestic overnight visitors rises to 2.5 nights**, while international overnight visitors rises to 2.4 nights.

Table 4.2*: Average Length of Stay Compared to Victoria and Regional Victoria (Excluding Day Trip Visitors)*

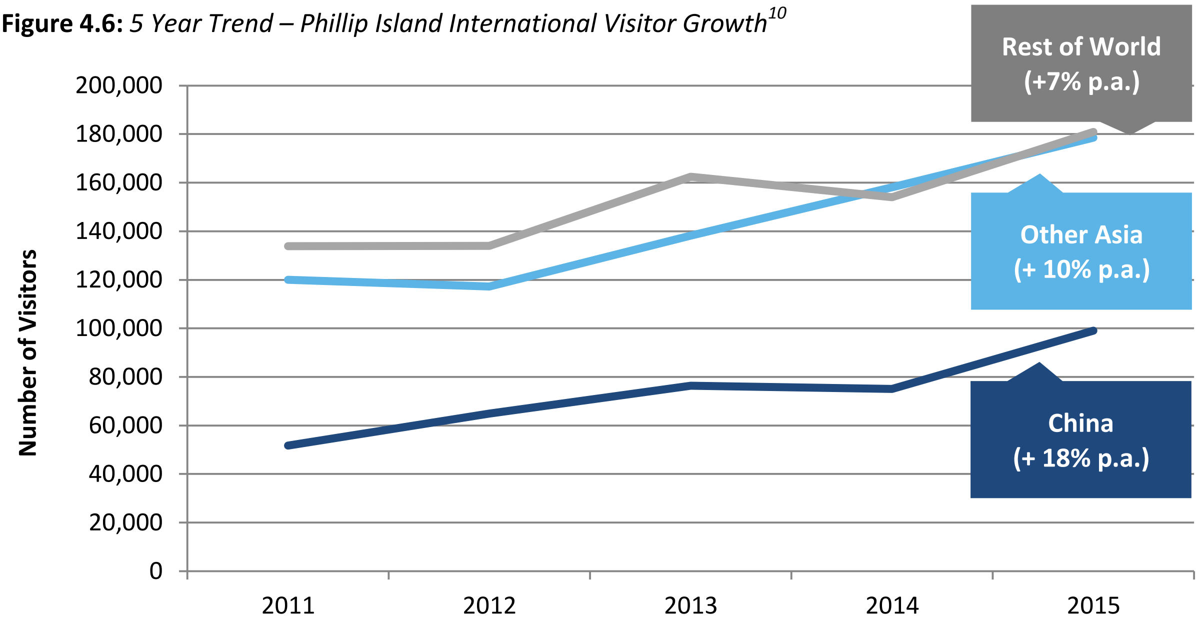
DOMESTIC	2011	2012	2013	2014	2015
Regional Victoria	3.0	3.1	3.0	3.1	2.9
Victoria	3.0	3.1	3.0	3.1	2.9
Phillip Island	2.7	4.2	3.1	2.9	2.5

INTERNATIONAL	2011	2012	2013	2014	2015
Regional Victoria	15.8	15.9	15.9	16.5	15.0
Victoria	25.4	25.3	24.7	23.4	24.0
Phillip Island	4.3	3.4	2.7	4.1	2.4

Growing Interest from Asia

Asia continues to drive international visitation to Phillip Island, **currently representing 61% of all international visitors** – **well-above the State average** of 50%. In particular, **visitation from China has witnessed the largest visitor growth of any of Phillip Island's international markets**, growing by over 47,300 visitors over the past five years due to the country's increasing interest in the Little Penguins (Figure 4.6).

Figure 4.6: *5 Year Trend – Phillip Island International Visitor Growth*[10]

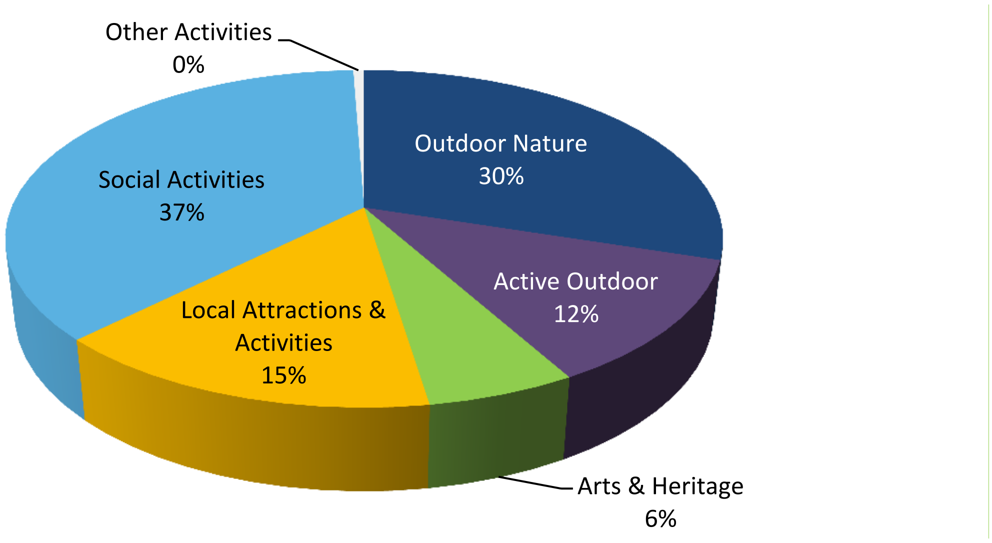


Continued Participation in Nature and Adventure Activities

The top five activities completed whilst on a trip to Phillip Island were; **social activities, outdoor and nature activities, local attractions and activities, active outdoor activities, and arts and heritage** (Figure 4.7). Social activities, such as dining out at restaurants is the most popular activity for visitors, followed by nature-based activities, visiting local attractions and adventure activities such as surfing.

[10] **'Other Asia'** includes Japan, Hong Kong, Singapore, Malaysia, Indonesia, Taiwan, Thailand, Korea, India and Other Asia

Figure 4.7: *Phillip Island Trip Activities*



The five year trend indicates that arts and heritage activities have grown by 43%, **while local attractions, outdoor nature and active outdoor activities have grown by 25%, 14% and 12% respectively**. Specific activities of significance include going to the beach and visiting national/state parks, accounting for 17% and 4% of visitor participation respectfully.

Examining the top 10 activities per market segment (Figures 4.8 - 4.10) indicate similarities among the visitor types. Going to the beach and shopping for pleasure, along with sightseeing and eating out are all ranked high for visitor participation.

Figure 4.8: *Top 10 Activities for Domestic Day Trip Visitors*

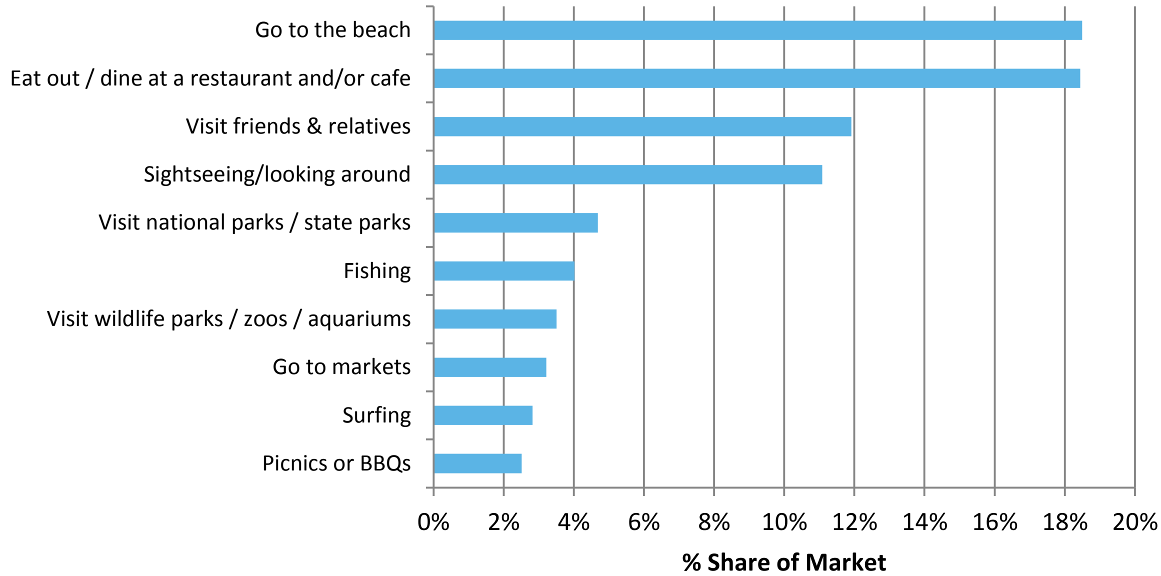


Figure 4.9: *Top 10 Activities for Domestic Overnight Visitors*

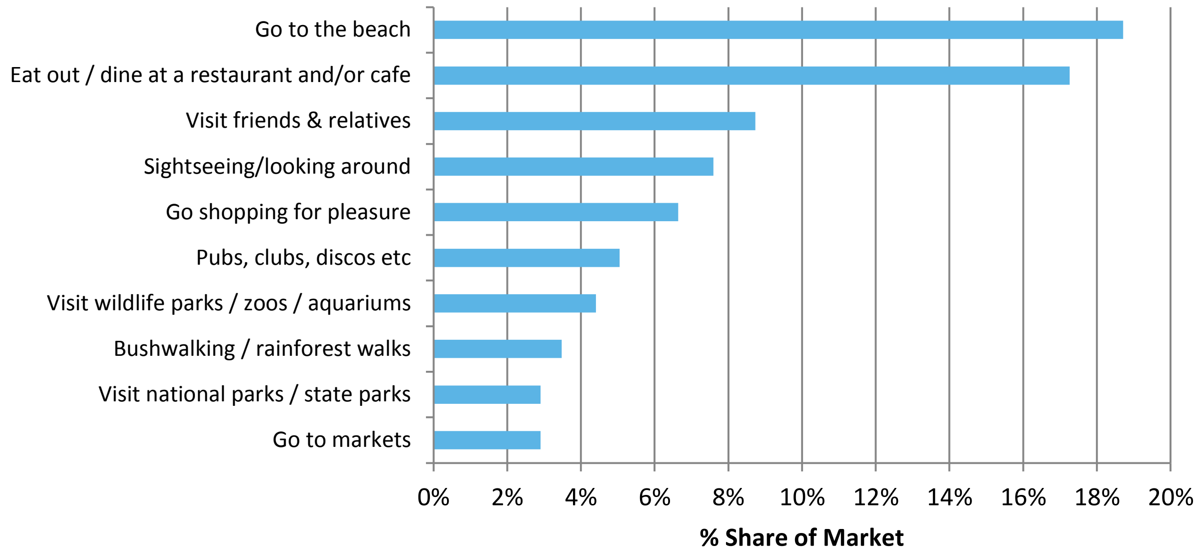
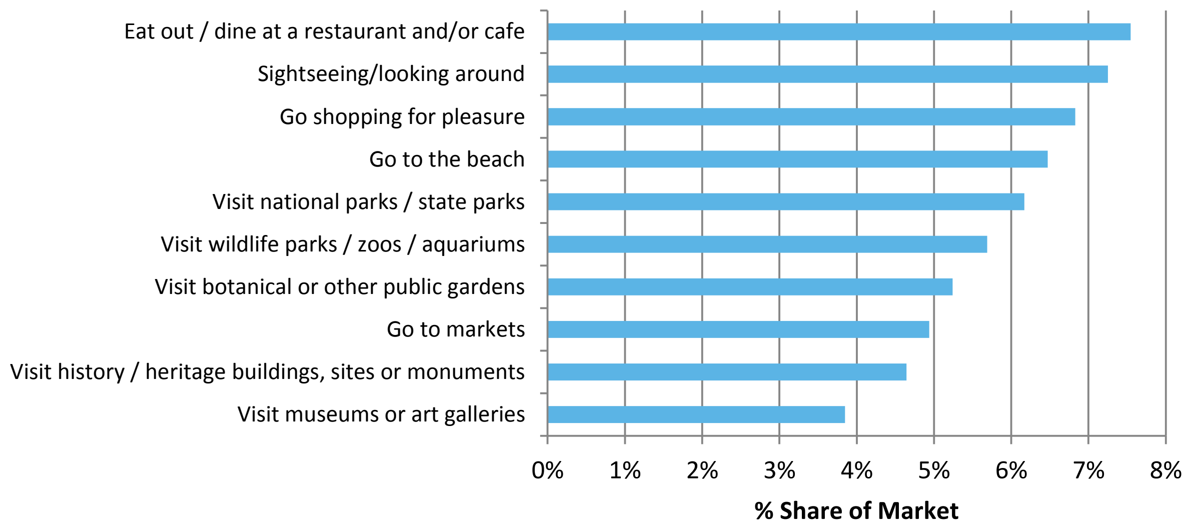


Figure 4.10: *Top 10 Activities for International Visitors*



Growing Importance of the Journey

Touring

The majority of visitors to Phillip Island and San Remo drive their own or a hire vehicle (95%). Within that segment is the growing segment referred to as the 'touring market'.

Phillip Island's touring market – visitors who spend multiple nights in multiple locations – has experienced a 1% decrease since 2011, while Regional Victoria has experienced a 14% increase during this same time.

Of the approximate 95,000 touring visitors to Phillip Island, the majority (93%) are in the region for 4-7 nights (Tables 4.3 – 4.4). Staying in region for 4-7 nights has the greatest market share for Gippsland (80%), Great Ocean Road (78%) and Regional Victoria (80%) as well and is thus the most common length of time spent in region by visitors touring multiple locations.

Of the segment of visitors spending 4-7 nights on Phillip Island, 96% are domestic visitors and 4% are international visitors. This trend is similar for Gippsland, Great Ocean Road and Regional Victoria as a whole.

Table 4.3: *Touring Market Profile*

Stopover Location	Overnight Trips	Share of Trips (Regional VIC)	% change since 2011	Domestic ALOS	International ALOS
Phillip Island	**95,181**	**4%**	**-1%**	**5.52**	**10.79**
Gippsland	195,630	7%	-1%	6.90	20.76
Great Ocean Road	369,930	14%	18%	6.16	15.90
Regional Victoria	2,717,778		14%	6.32	21.53

Table 4.4: *Length of Stay in Region*

Stopover Location	Length of Stay in Region			
	4-7 nights	8-14 nights	15-30 nights	31+ nights
Phillip Island	**88,725**	**5,643**	**698**	**115**
Gippsland	157,074	18,875	16,914	2,767
Great Ocean Road	287,441	71,278	7,806	3,405
Regional Victoria	2,183,484	393,055	108,268	32,970

A key issue raised through the industry consultation which may be affecting the region's share of the touring market is that it is not possible to loop back to the Mornington Peninsula and visitors have to backtrack, highlighting the opportunity for a car ferry. This is supported by a recent month-long study conducted at the Cowes and Newhaven VICs, who recorded 123 visitor enquiries about access to a car ferry – 78% of which were international visitors (primarily from Europe and China).

Cruise

Over the past decade, the number of cruise arrivals to Victoria has more than doubled (from 32 to 86). Phillip Island welcomed one cruise ship in 2016, with six ships booked from November 2016 to December 2017.[11] While no visitor data is available on the region, feedback from the cruise ship industry suggests that Phillip Island is a popular region for this market, and even popular with Melbourne residents who are on board for the short coast cruises (i.e. circumnavigates Tasmania and stops at Phillip Island on the way home). Phillip Island and San Remo can provide a vast array of quality onshore experiences with key operators and the township of Cowes being a focal point.

A major issue at present is the capacity of arrival and departure infrastructure to support visitors, which requires:

- A dedicated secure wharf/pontoon which can accommodate at least three tenders at once (each tender can hold 100 people);
- Landing areas of sufficient capacity to hold people before/after arrival and departure;
- A coach pick-up and put down area that can accommodate around 20 coaches with access, so visitors can safely move between them; and
- Wheelchair access.

[11] Port of Melbourne, 2015

Declining Spend per Visitor

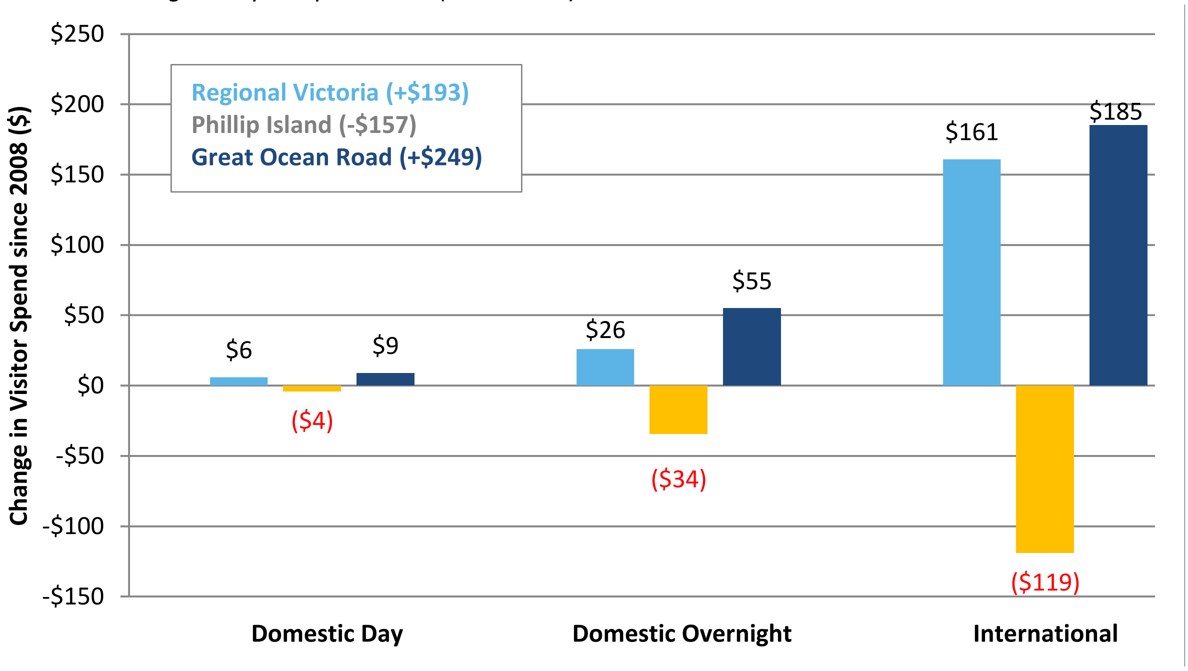
Phillip Island and San Remo currently have the **fourth lowest average spend per domestic overnight visitor** and a slightly lower average length of stay than other leisure destinations in Regional Victoria, including Daylesford, Goldfields and the Yarra Valley (Table 4.5).

Table 4.5: *Regional Victoria Destination Comparison (Spend and Stay)*[12]

	AVERAGE SPEND			AVERAGE STAY	
	Day	Domestic Overnight	International Overnight	Domestic Overnight	International Overnight
Mornington Peninsula	$83	$112	$67	2.94	13.96
Daylesford	$82	$172	-	2.31	-
Great Ocean Road	$82	$133	$90	3.16	5.54
Yarra Valley	$75	$124	-	2.40	17.69
Murray	$150	$131	$38	2.71	27.76
Goldfields	$93	$122	-	2.39	11.84
High Country	$81	$141	-	2.78	-
Grampians	$101	$108	-	2.91	5.28
Phillip Island and San Remo	**$82**	**$120**	**$105**	**2.54**	**2.43**
Gippsland	$71	$103	-	3.08	11.26
REGIONAL VICTORIA	**$90**	**$125**	**$64**	**2.91**	**15.05**

Compared to Regional Victoria and the Great Ocean Road, Phillip Island has witnessed a **decline in spend per visitor across all markets since 2008** (Figure 4.11), with the total loss estimated to be $157 per visitor. When added to the overall gains of Regional Victoria ($193), Phillip Island has **accumulated an overall loss of $350 per visitor since 2008 – equating to a loss of nearly $580 million in overall spend to the region since 2008**.

Figure 4.11: *Changes in Spend per Visitor (2008-2015)*[13]

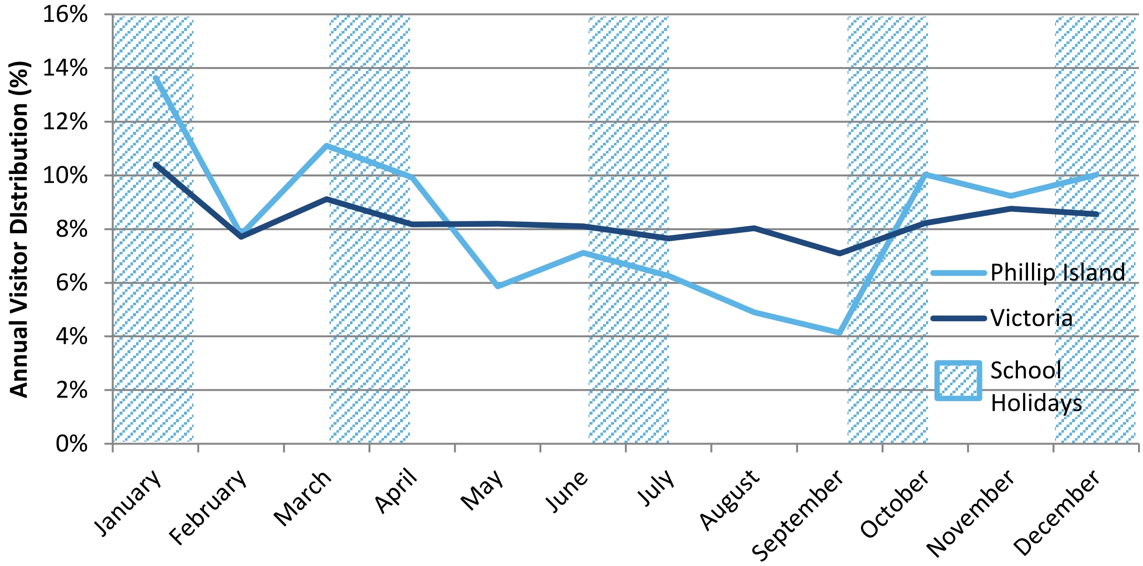


[12] Tourism Research Australia, *National and International Visitor Survey*, year ending December 2015
[13] Visit Victoria, *Tourism Expenditure in Victoria*, year ending June 2015. **Please note** – the international spend per visitor figure for Phillip Island is from 2014, as this is the last year consecutive data was available for this region.

High Seasonality Patterns

High seasonality patterns are visible on Phillip Island, particularly when compared against the State average (Figure 4.12). These large seasonality patterns are likely to be driven by **increased visitation during domestic school holiday periods** and warmer weather.

Figure 4.12: *Total Visitors by Month of Return (2015)*



Appendix 5

Competitor Analysis

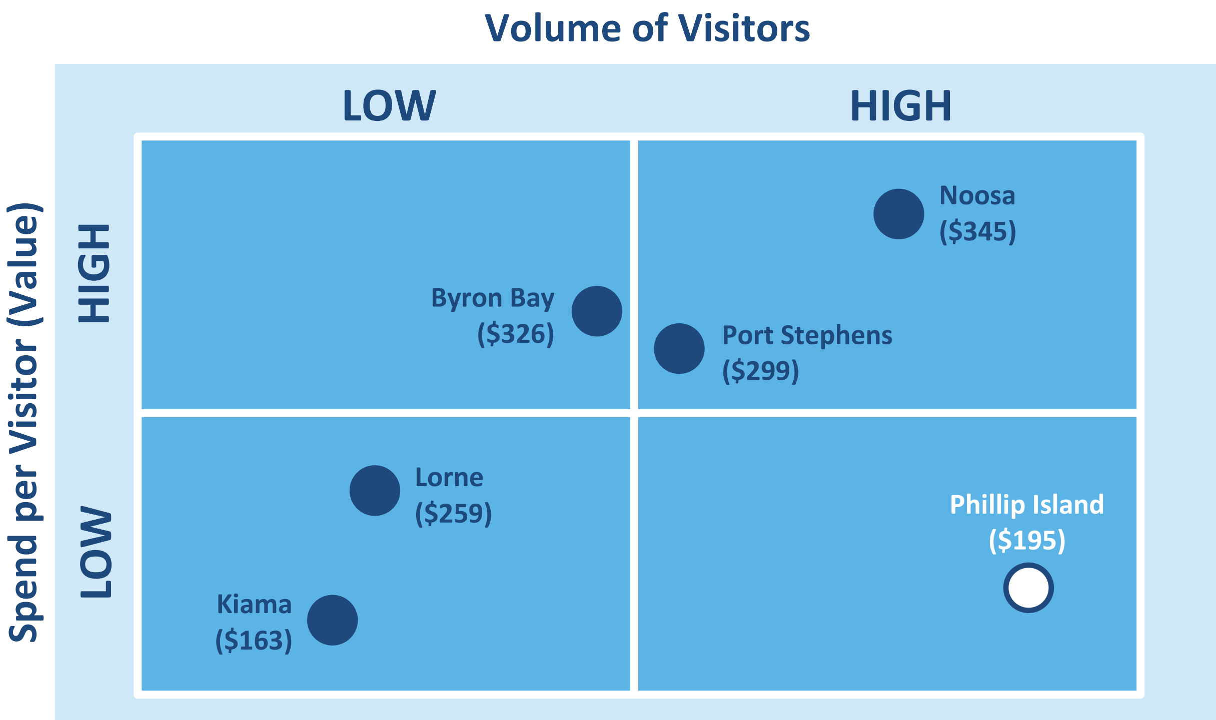
Destination Comparison

Compared to five coastal destinations with similar characteristics and attributes (Noosa, Byron Bay, Port Stephens, Kiama, and Lorne), the Phillip Island and San Remo region has:

- Nearly the **same number of visitors as Noosa (1.9M)**, and nearly twice as many as Kiama (960,000) and Lorne (1M);
- The **lowest average occupancy rate** (47%), below Lorne (50%) and Byron Bay (66%);
- The **second highest average TripAdvisor rating** (3.70) behind Byron Bay (3.72); and
- A **more supportive community** (63% support tourism) than Noosa (59%).

When compared to similar coastal destinations, Phillip Island has the **second lowest spend per person** ($195) above Kiama ($163), well below Byron ($326) and Noosa ($345) (Figure 5.1).

Figure 5.1: *Phillip Island and San Remo Positioning Against Competitors (Value vs. Volume)*



Product Depth

Australian Tourism Data Warehouse (ATDW) is the national content platform for the Australian tourism industry which feeds into the main national, state and regional user-facing websites such as Australia.com and VisitVictoria.com (Table 5.1).

At present, Phillip Island and San Remo have a significantly lower **volume of products and experiences listed on ATDW when compared with average volumes across its competitor group**. Although a higher proportion of products exist on the Visit Phillip Island website, many prospective visitors will search through other channels (many of which draw from ATDW), and these lower levels reflect a lower operator participation compared with competitor destinations.

Phillip Island and San Remo have the **lowest number of ATDW-listed events across all competitors**, which is surprising given the number of high-profile international motor sport events the region holds. It should also be noted that although **the region has more listed tours and attractions than Port Stephens, it has 70% less accommodation listed**, highlighting a significant gap in the Island's commercial accommodation offering.

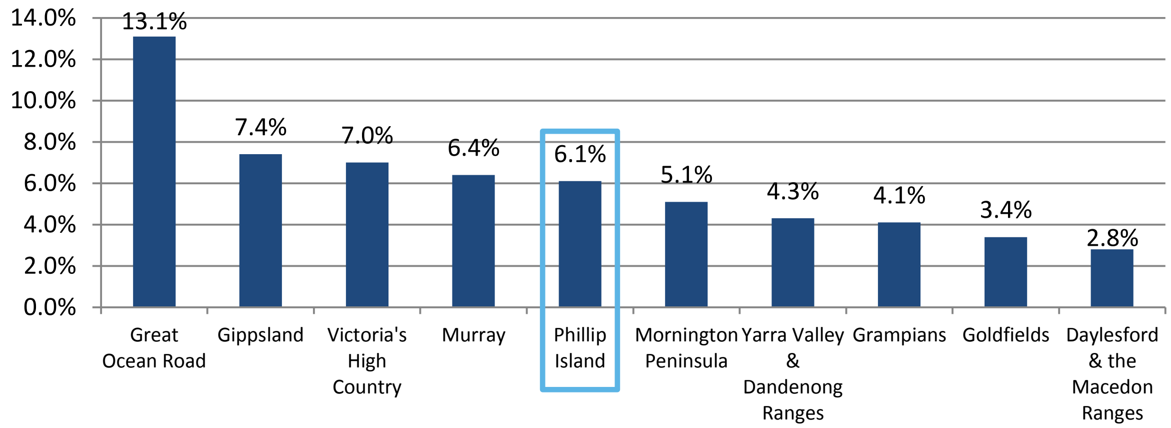
Table 5.1: *Phillip Island and San Remo ATDW Listings against Competitor Destinations*

ATDW Listed Product	Phillip Island/ San Remo	Great Ocean Road	Byron Bay	Kiama	Port Stephens	Noosa	Gippsland	Competitor Average
Accommodation	**23**	292	181	122	76	61	100	**146**
Events	**5**	29	39	15	13	9	37	**21**
Tours	**35**	155	53	18	29	19	27	**55**
Attractions	**44**	75	68	53	42	53	65	**58**
Food & Wine	**14**	52	12	8	18	25	33	**23**
Nature-based	**27**	36	78	34	48	40	65	**47**
Family-friendly	**8**	13	15	8	9	45	8	**18**
Outdoor Adventure	**10**	27	52	9	8	24	60	**24**
Marine-based	**5**	12	10	0	2	26	20	**10**
Arts, Culture and Heritage	**2**	9	19	10	4	15	20	**11**
Aboriginal	**0**	1	3	0	0	1	3	**1**

Destination Preference

Research indicates that the appeal of Phillip Island as a destination of choice for domestic visitors is moderate when compared with a number of other Victorian destinations. The Roy Morgan Holiday Tracking Survey (HTS) measures Australians' preference, intention and behaviour in visiting domestic destinations. The results from 2014-2015 show that 1.2 million Australians (referred to as preferrers) would like to take a trip of one night or more to Phillip Island, or 6.1% of those surveyed. This is significantly lower than the Great Ocean Road (13.1%), slightly behind Gippsland (7.4%), Victoria's High Country (7%), and the Murray (6.4%) but above the Mornington Peninsula (5.1%) (Figure 5.2).

Figure 5.2: *Destination Preference by Regional Victoria Regions*



Appendix 6

2035 Visitor Profile

Long-Term Tourism Outlook

International

Globally, **tourism has become one of the largest and fastest-growing economic sectors**, with investment in tourism acting as a key driver for job and enterprise creation. It is **responsible for 9% of the world's Gross Domestic Product (GDP) and generates one out of every eleven jobs**. Through continued expansion of tourism destinations, products and services, international visitor arrivals worldwide have **rapidly grown from 25 million to 1.13 billion over the past six decades.**

Tourism is expected to continue to grow, with the United Nations World Tourism Organisation (UNWTO) estimating a **3.3% annual increase (43 million) in international arrivals alone until 2030**. **The Asia-Pacific region will see the strongest growth globally**, increasing its overall share by 8% and reaching over half a billion visitor arrivals by 2030.

At a destination level, growth rates are predicted to double for emerging destinations in comparison to advanced economies, reflecting international visitors' desire for new and unique experiences. This highlights the **need for existing destinations to develop clear, compelling and unique positions in order to compete.**[14]

National

Nationally, tourism has witnessed **rapid growth in both domestic and international markets this past year, well-above forecasted growth predictions**. Domestic and international visitor markets have shown higher and **faster than average growth since 2000** (the year of the Sydney Olympic Games), likely driven by a weaker Australian dollar, low oil prices and increasing incomes across Asia. Although these above-average levels are not expected to continue at such high rates over the long-term, **Australia's tourism outlook remains firm.** Estimates from economic advisors Deloitte Access Economics suggest annual growth rates of 3.3% domestic and 5.4% international up to 2018, with Australia's Tourism Forecasting Committee forecasting more modest rates of 2.7% domestic and 4.1% international over the ten-year horizon (to 2025).[15]

This **strong national growth will also increase the demand for hotels**, which despite the many new hotel developments planned to be built over the next three years, will **widen the demand/supply gap** that is currently being faced across the country and place an **increased pressure on occupancy rates, particularly during peak periods.**[16]

Future Market Mix

The following section identifies the forecast markets for Phillip Island and San Remo using three separate methodologies:

1. Markets by Origin (Geographic)
2. Markets by Life Stage (Demographic); and
3. Markets by Attitudes (Psychographic)

This analysis is informed by both the current profile of visitors (from the National and International Visitor Surveys) and the Roy Morgan Research Holiday Tracking Survey.

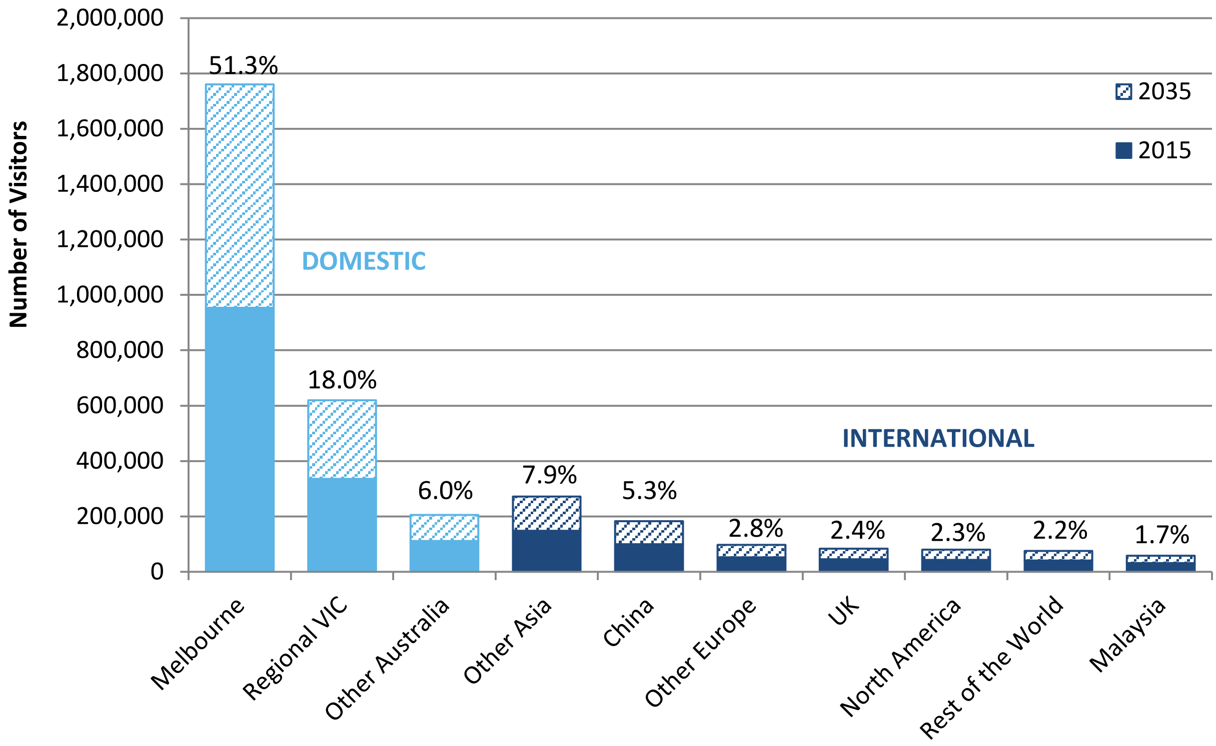
[14] United Nations World Tourism Organisation (UNWTO), *Tourism Highlights*, 2015 Edition
[15] Tourism Research Australia, *Tourism Forecasts*, 2015
[16] Deloitte Access Economics, *Tourism and Hotel Market Outlook*, February 2016

1. Markets by Origin

Based on the current visitor growth trends reported by Australia's Tourism Forecasting Committee, **visitation to Phillip Island in 2035 will remain dominated by Melbourne residents** (51.3%). The projected near-doubling of visitors from this area will likely be driven by the continued expansion of the city into its eastern suburbs.

International visitors, **particularly those from Asian countries including China and Malaysia**, are also expected to double in size by 2035, to reach **14.9% of total visitors** (international and domestic) to the region (Figure 6.1).

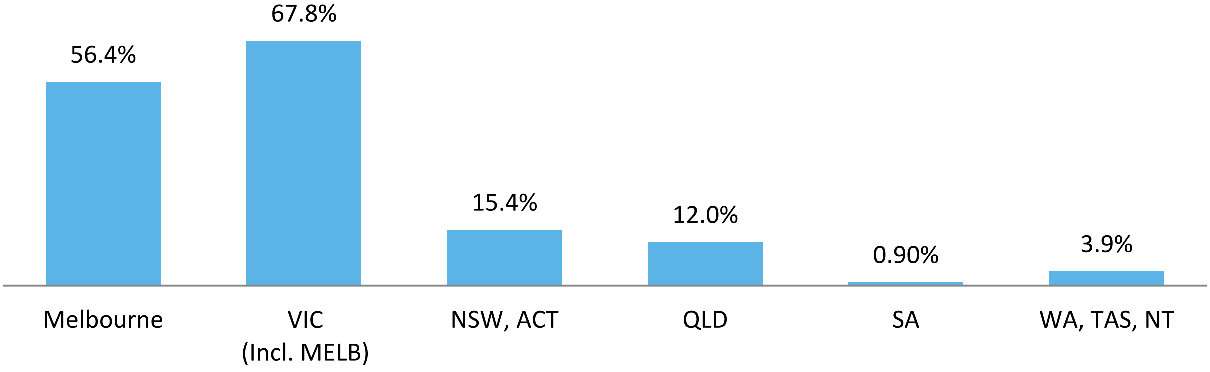
Figure 6.1: *Current and Projected Visitors to Phillip Island by Origin (At Current Growth Rates)*[17]



Further, in the year ending June 2015, 56.4% of Australian's aged 14 years and older with a preference to visit Phillip Island for a holiday of one or more nights in the next two years (known as 'preferrers') were from Melbourne, and another 11.4% were from regional Victoria. Of the remaining 'preferrers' of the destination, the majority were from New South Wales, including ACT (15%) and Queensland (12%).

[17] '**Other Asia**' includes the major regions of: Singapore, Hong Kong, India, Taiwan, Indonesia, Korea, Japan, Thailand. '**Other Europe**' includes the major regions of: Germany, France, Italy, Scandinavia, Switzerland, Netherlands.

Figure 6.2: *Origin of Australians with a Preference to Visit Phillip Island for a Holiday of One or More Nights in the Next Two Years*

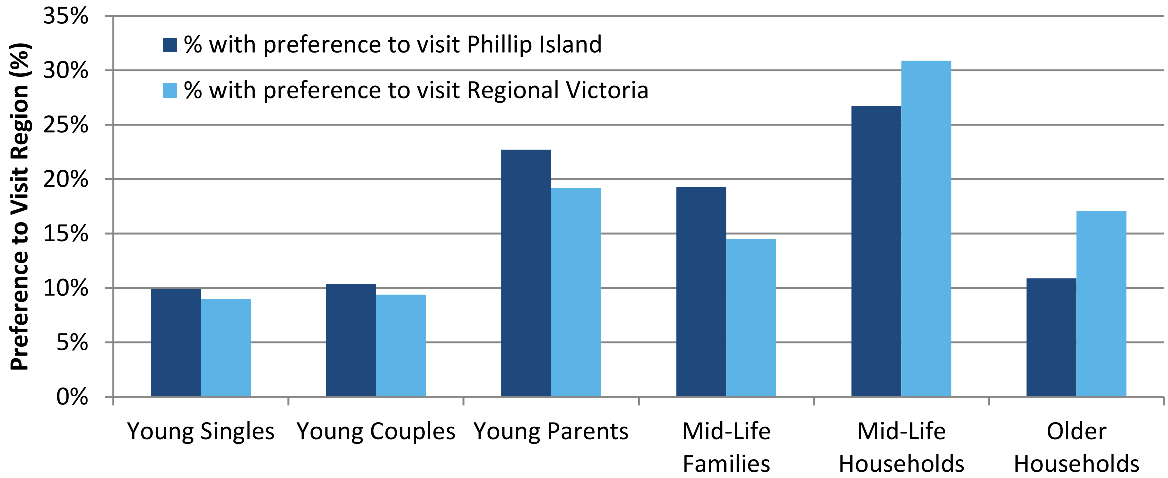


For the region, Melbourne and Regional Victoria will remain core markets, with emerging markets in New South Wales and Queensland (subject to marketing funds).

2. Markets by Life Stage

In terms of demographics, **preferrers of the destination are typically Mid-Life Households**[18] which is consistent with other regions in Victoria and of the population as a whole (Figure 6.3). The destination appeals to a greater number of Mid Life Families (19.3% compared to 13.6% for Victoria), Young Families (22.7% vs 18.5%) and Young Couples (10.4% vs 7%). It has the **lowest appeal of any region to Older Households** (10.9% compared to 20.2% for Victoria).

Figure 6.3: *Phillip Island and Regional Victoria 'Preferrers' by Life Stage*



Young Parents and Mid-Life Households will remain core markets. However both have a greater likelihood to travel in school holidays. Emerging markets are Young Couples and Older Households through niche markets such as adventure, events / cultural tourism and touring.

[18] **Roy Morgan Lifecycle Definitions:**

- YOUNG SINGLES: Head of household is aged under 45, respondent is single, and household has no children under 16
- YOUNG COUPLES: Head of household is aged under 45, respondent is married/de facto, and household has no children under 16
- YOUNG PARENTS: Head of household is aged under 45, and household has children under 16 present (also includes single parents)
- MID-LIFE FAMILIES: Head of household is aged between 45 and 64, and household has children under 16 present
- MID-LIFE HOUSEHOLDS: Head of household is aged between 45-64, and household has no children under 16
- OLDER HOUSEHOLDS: Head of household is aged 65 or older or retired

3. Markets by Attitudes

International Experience Seekers

Tourism Australia has defined its international target market as the 'Experience Seeker' who are globe trotters looking for authentic interactions, brag-able locations off the beaten track and to immerse themselves in local culture. **Experience Seekers are Australia's highest yielding market and are more likely to increase their length of stay and average spend in comparison to others.**

State Tourism Organisations have been working with Tourism Australia and the wider tourism industry to deliver an Australian Experiences Framework based on the needs and wants of the Experience Seeker. The framework features seven key Australian Experiences that underpin destination Australia[19]:

- Aboriginal Australia
- Nature in Australia
- Outback Australia
- Australian Coastal Lifestyle
- Food and Wine
- Australian Major Cities
- Australian Journeys

For Phillip Island and San Remo, the theme segments with the best fit and market potential are:

Nature in Australia – Individuals who can easily experience, access and learn about Australia's distinctive and unique flora and fauna. ***For Phillip Island and San Remo this is a core market.***

Australian Coastal Lifestyle – Individuals who are looking for more than just the beach. They want to experience the coastal way of living, searching for uncrowded and unspoilt coastal experiences unlike anywhere in the world. ***For Phillip Island and San Remo this is a core market.***

Australian Journeys – Individuals who are looking for more than just a way to get from one place to another. They want to discover the diversity, the wonders, the vibrant towns, the people and their unique way of life. ***For Phillip Island and San Remo this is a growth market.***

Domestic Lifestyle Leaders

Visit Victoria have undertaken a significant amount of work on the attitudes of travellers (and potential travellers) to Victoria to identify the **Lifestyle Leader segment as the ideal domestic target market for the State**. Lifestyle Leaders are based on a mindset, they are found in all regions, ages and lifecycle groups and represent approximately one third of the Australian population aged 18+.

Lifestyle Leaders are educated, professional and progressive individuals who enjoy seeking out new information and being the first to try new products. They are often more affluent and have a higher level of discretionary expenditure than the general population so they can afford to indulge more often in travel, with a particular desire to escape city life and embrace nature/outdoors and new discoveries. With a busy social life, they tend to have extensive social networks and are trusted advisors who can and do influence others.

Lifestyle Leaders can also be targeted through their motivational drivers, specific passions and interests.

The Lifestyle Leader population can be segmented into four broad categories:

- Creative Opinion Leaders
- Food & Wine Lifestylers
- Enriched Wellbeing
- Inspired by Nature

[19] Tourism Australia, *Australian Experiences Industry Toolkit*, 2008

For Phillip Island and San Remo, the segments with the best fit and market potential are:

Inspired by Nature – Individuals who are educated, professional and progressive, and seek active breaks where they can enjoy opportunities to re-connect with one another and nature. They often seek destinations away from city-life where there is the time and space to appreciate simple pleasures together, yet still offer the creature comforts they are accustomed to. They are looking for a variety of activities that suit all ages and activity levels and want to hear about the story of their surroundings and histories. They make up 15% of the Australian population (4.1M people). ***For Phillip Island and San Remo this is a core market.***

Creative Opinion Leaders – Individuals who are trend-setters and like to be the first to discover new places and experiences. They love seeking out creative gems, arts and cultural experiences, and are attracted to places that are not just famous for something but have a unique story to tell. They prefer to stay in more intimate environments like 4+ star rented houses, serviced apartments, B&Bs and host farms, looking for added value through opportunities to learn about the story of a region, accommodation or restaurant, or to participate in creating something uniquely their own (art classes, cooking classes, interactive walks). They make up 6% of the Australian population (1.1M people). ***For Phillip Island and San Remo this is a growth market.***

Enriched Wellbeing – Individuals who are progressive, educated and professional individuals who seek luxurious breaks to indulge personal passions within a culturally rich, natural or rejuvenating setting. They want to enrich their mind, body and soul, seeing a nature escape as an antidote to busy city life. They make up 7% of the Australian population (1.2M people). ***For Phillip Island and San Remo this is a growth market.***

MARKET SEGMENT PROFILE SUMMARY

Creative Opinion Leaders

Creative Opinion Leaders tend to be more discerning; gaining satisfaction from **authenticity, stories and cultural and creative depth, rather than status or bragging rights alone**.

These individuals:
- Make up 6.6% of the Australian population (1.1 million people),
- Tend to be 35 years or older;
- Earn $100,000 + per year (25% of group);
- Embark on an average of 4.5 trips each year, spending $4,361 in the last 12 months (30% greater than the Australian average of $3,053); and
- Are more likely to holiday in Victoria compared with the average Australian (31% v 25%).

Inspired by Nature

Inspired by Nature individuals are **educated, professional and progressive** who seek active breaks where they can enjoy opportunities to **re-connect with one another and nature**.

These individuals:
- Tend to spend slightly less per holiday;
- Have a lower household income compared with others;
- Make up 15% Of the Australian population (4.1 million people);
- Prefer to holiday in Victoria (54%);
- Prefer regional Victoria (38%); and
- Embark on an average of 4.4 leisure trips per year, spending $3,838 on trips in last 12 months (30% higher than average traveller).

Source: *Visit Victoria, 2015*

Appendix 7

Accommodation Forecasts

By 2036, forecasts indicate that 10.2% of all dwellings on Phillip Island will be holiday houses (marketed online) – an estimated total of 1,530 properties. Cowes has the second highest total land supply, with 1,544 lots. If current usage patterns continued, this would mean an additional 206 holiday houses (660 rooms) in Cowes alone. **If the predicted level of property development occurs, holiday houses in Cowes will provide 60% of all future rooms needed in Phillip Island and San Remo. This will dramatically reduce the viability of branded hotel development.**

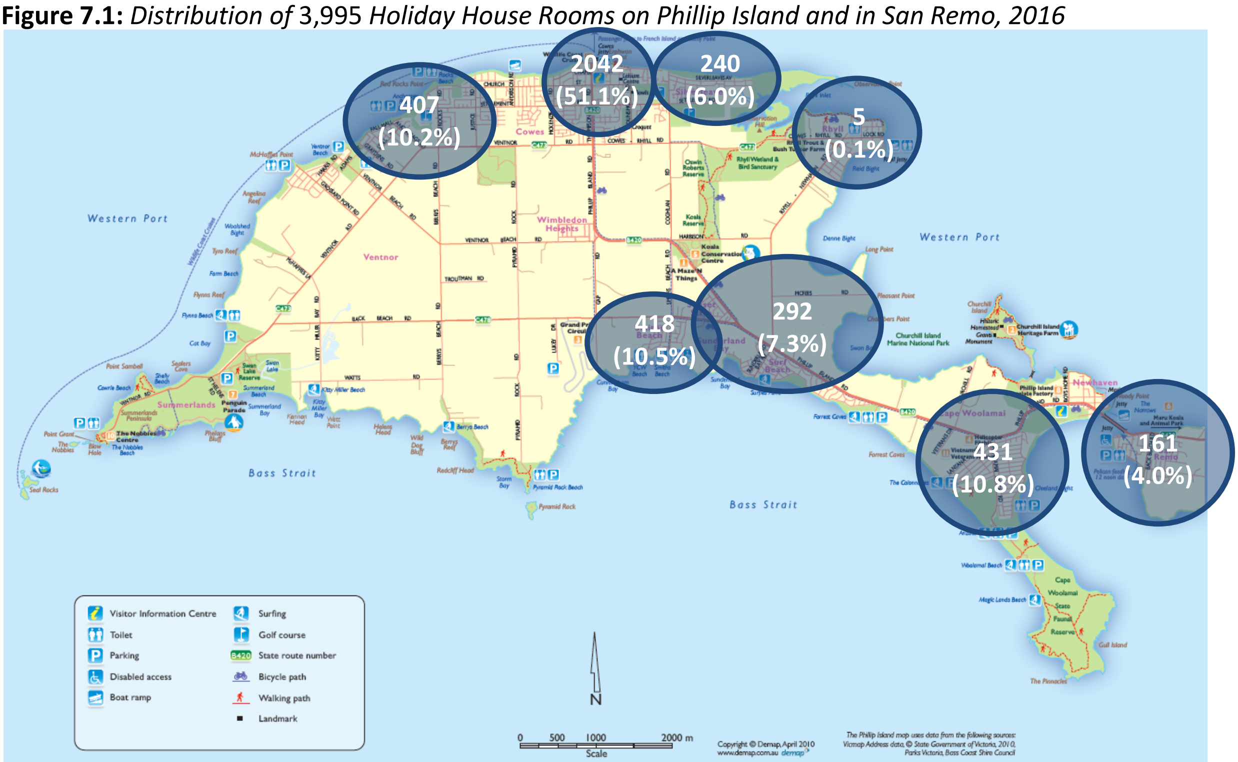
Current Accommodation Supply

Latest available data from the Australian Bureau of Statistics (ABS) – Survey of Tourist Accommodation (June 2015) for Hotels, Motels and Serviced Apartments, indicates that Phillip Island and San Remo has an **annual accommodation occupancy rate of 57.2%.** Unfortunately, ABS only reports on properties that include 15 or more rooms, and does not cover the multitude of **holiday house** rental options available within the region. Full occupancy rates are only achieved for these properties during peak holiday times and during major events at the Grand Prix Circuit.

Phillip Island and San Remo has long been a popular region for holiday and second homes, with renting out properties for parts of the year to friends and family being common. However, with the recent rise in popularity of online rental agencies and sharing economy services such as AirBnB and Stayz, **holiday home rentals have risen considerably in importance as a major component of the region's visitor economy, representing 75% of all available room stock in the region**.

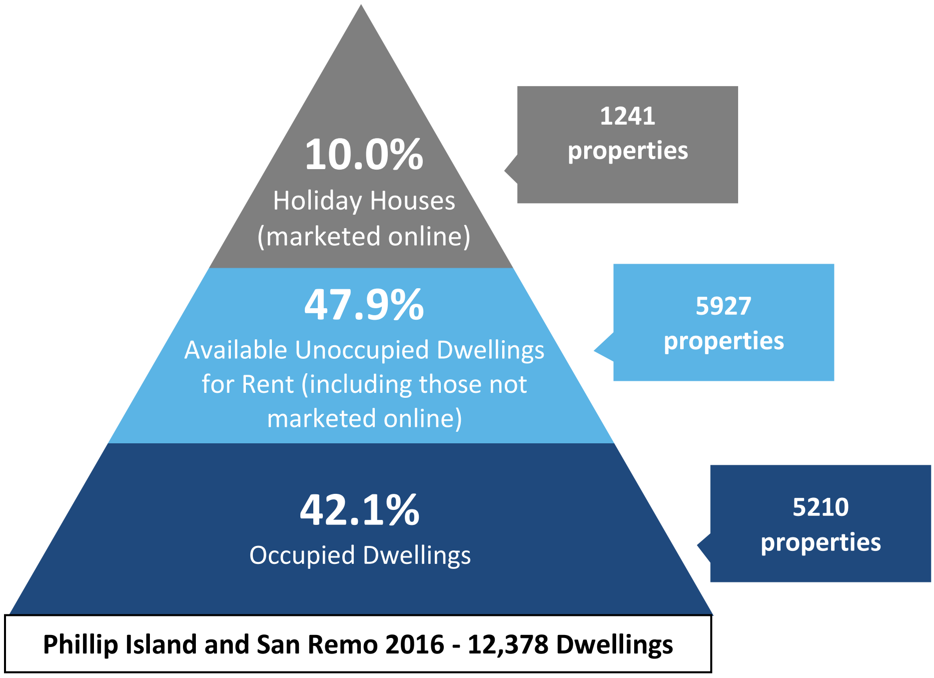
Holiday homes provide the majority of the region's visitor accommodation. Of an overall visitor accommodation supply of 5,361 rooms, 1,365 rooms are in commercial accommodation (hotels, motels etc.) and 3,996 rooms are in private accommodation (holiday houses) (Figure 7.1). In terms of distribution, 51.1% of private accommodation rooms are located in Cowes.

Figure 7.1: *Distribution of* 3,995 *Holiday House Rooms on Phillip Island and in San Remo, 2016*



Phillip Island and San Remo currently has a total of 1,241 properties listed online as being available for short term holiday rental. Of these listings, 1,048 properties have three or more rooms available to visitors and this represents an estimated **10% of total dwellings across Phillip Island and San Remo** (Figure 7.2). There are **64 commercial properties in Phillip Island and San Remo**. When grouped with private properties this makes up 0.5% of properties in the region.

Figure 7.2: *2016 Supply of Holiday Houses, Unoccupied and Occupied Houses*



Future Accommodation Supply

The forecast for Phillip Island and San Remo's population, households and dwellings, shows a picture of **steady growth between 2016 and 2036** (Table 7.3) – growing at an average rate of 1.7% per annum. The total number of dwellings is expected to **increase by 2,628 properties between 2016 and 2036**, with the occupancy rate expected to grow slightly to 48.7% (due to a larger proportion of retirees that are expected to take up permanent residence).

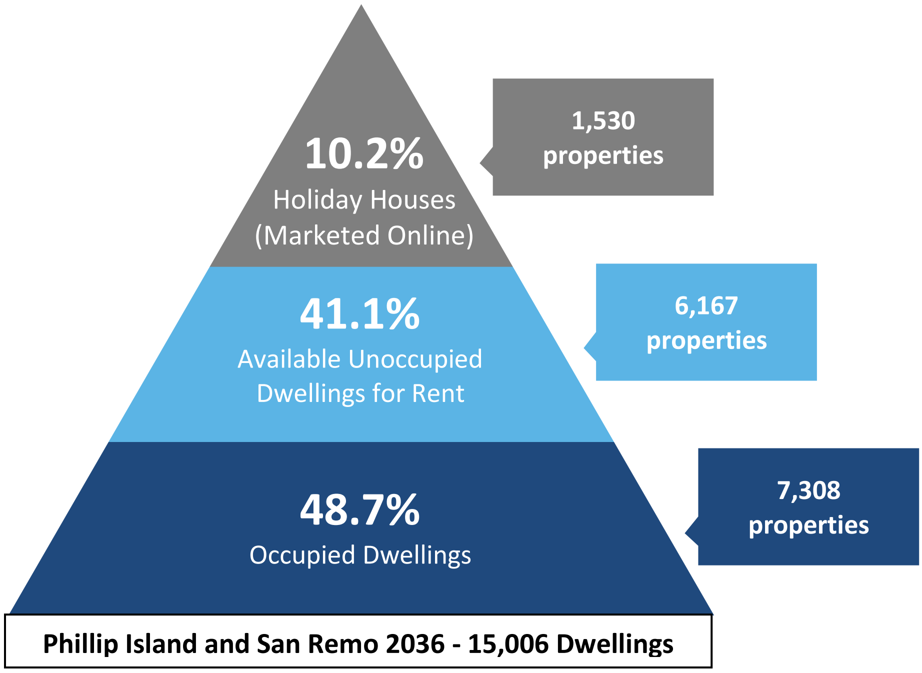
Table 7.3: *Phillip Island and San Remo Forecast Population, Households and Dwellings (2011-2036)*[20]

	2011	2016	2021	2026	2031	2036
Population	10,808	11,728	12,557	13,523	14,756	16,029
Number of Dwellings	11,522	12,378	13,288	14,088	14,586	15,006
Number of Unoccupied Dwellings (includes Holiday Houses)	6,533	7,168	7,662	7,984	7,881	7,695
% Unoccupied Dwellings	56.7%	57.9%	57.7%	56.7%	54.0%	51.3%
% Occupied Dwellings	43.3%	42.1%	42.3%	43.3%	46.0%	48.7%

From a strategic tourism perspective, by 2036, forecasts indicate that **10.2% of all dwellings on Phillip Island and San Remo will be holiday houses** (marketed online) – an estimated total of **1,530 properties**.

[20] .id, *Population and household forecasts 2011 to 2036*, 2015

Figure 7.4: *2036 Forecast Supply of Holiday Houses, Unoccupied and Occupied Dwellings*



Bass Coast Shire Council has a policy of registration for holiday houses which requires holiday home owners with the capacity for more than six guests to pay $350 per annum to register their property. Of the 1,530 properties in 2035 it is estimated that at least 1,200 (78%) will have the capacity for up to 6 guests (3 bedrooms).

HOLIDAY HOME MANAGEMENT ARRANGEMENTS

Under the Victorian *Public Health and Wellbeing Act 2008,* any holiday houses that accommodate six or more people and are let out for paid holiday accommodation must be registered and classified as "Prescribed Accommodation".

Prescribed accommodation premises are registered annually from 1 January to December 31 and any premises found to be operating without a current registration will be subject to enforcement action. A 50% reduction in the fee is available to properties with a Holiday House Management Plan in place, or who are registered via a real estate agent with a Council-endorsed management plan in place.

Despite enforcement penalties applying, administration of the process to date has not resulted in a significant proportion of holiday homes becoming registered.

As such, this policy is recommended for review under the Phillip Island and San Remo Visitor Economy Strategy 2035.

Challenges for the Visitor Economy in Managing the Holiday House Sector

Holiday houses are a bona fide part of the visitor economy; however, when supply dominates the overall market to such a large extent as is the case in Phillip Island and San Remo, a number of challenges are apparent:

- The large supply of visitor accommodation in the form of holiday houses presents a challenge for some commercial accommodation providers, restricting yields;
- High levels of holiday house supply means that the investment proposition for new commercial accommodation operators is less attractive than in many other destinations;
- Projections suggest an oversupply of available holiday home rooms, combined with an increasing transition towards a greater proportion of properties being occupied by residents. It is necessary to consider the techniques and policies to manage this growth in a manner which will preserve residents' quality of life as well as continue to offer memorable visitor experiences;
- There is a need to understand the impact of holiday homes and related visitor activity on neighbourhoods; and
- It is challenging to ensure that holiday house operators who benefit from visitor spending, contribute fully to destination management and marketing.

Appendix 8

Markets for Growth

Please Note: *All visitor numbers used in this section are based off of the latest National and International Visitor Surveys collected by Tourism Research Australia during the time of analysis (for the year ending March 2015). Baseline visitor forecasts are estimated using the latest forecast figures from Tourism Research Australia's Tourism Forecasting Committee.*

The Domestic Market

Five key opportunities and six emerging opportunities for Phillip Island are visible when comparing the participation in activities of Phillip Island versus Regional Victoria in domestic overnight visitors. Market share is a key indicator and can be used to determine how many visitors are participating in a specific activity. Another key indicator for market share is the growth rate – all activities were analysed between 2011 and 2015 to determine the five year growth trend. Activities common to all holidays have been removed from the ranking (eat out/dine at a restaurant and/or café, visiting friends and relatives, sightseeing/looking around, go shopping for pleasure, and pubs, clubs, discos, etc.).

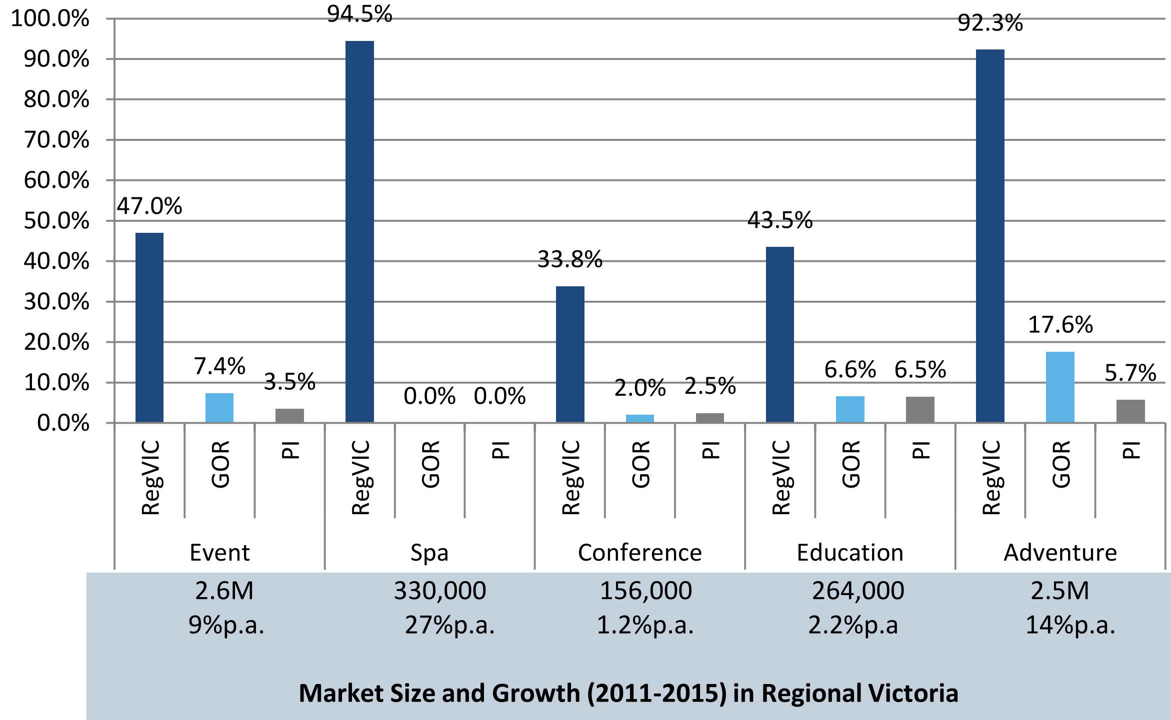
Table 8.1: *Participation in Activities: Phillip Island versus Regional Victoria (Domestic Overnight Visitors)*

RANKED BY SHARE OF VISITORS TO PHILLIP ISLAND	PHILLIP ISLAND		REGIONAL VICTORIA	
	Growth	Share	Growth	Share
Go to the beach	6.8%	16.8%	4.2%	7.2%
Visit wildlife parks / zoos / aquariums	9.6%	3.7%	3.6%	0.4%
Go to markets	24.1%	3.3%	20.0%	3.4%
Visit national parks / state parks	5.6%	2.6%	8.6%	3.7%
Bushwalking / rainforest walks	13.9%	2.6%	11.3%	4.6%
Surfing	1.0%	2.2%	8.2%	0.7%
Picnics or BBQs	23.7%	2.2%	7.9%	2.5%
Attend an organised sporting event	4.1%	1.7%	8.7%	0.9%
Fishing	6.0%	1.6%	2.6%	2.0%
Visit industrial tourist attractions (breweries, mines)	17.8%	1.5%	9.8%	0.6%
Visit history / heritage buildings, sites or monuments	5.0%	1.5%	7.1%	1.4%
Visit museums or art galleries	0.2%	1.3%	10.1%	1.8%
Play other sports	10.0%	1.2%	-3.2%	1.2%
Visit botanical or other public gardens	42.8%	1.0%	8.8%	1.0%
Cycling	28.0%	0.9%	12.0%	1.0%
Visit amusements / theme parks	-4.3%	0.8%	2.1%	0.3%
Go on guided tours or excursions	435.3%	0.8%	6.7%	0.3%
Visit wineries	3.1%	0.8%	7.4%	1.6%
Golf	59.8%	0.8%	2.9%	0.9%
Attend theatre, concerts or other performing arts	3.6%	0.7%	9.4%	0.6%
Other outdoor activities	10.7%	0.7%	11.3%	1.2%
Attend festivals / fairs or cultural events	-4.4%	0.6%	17.2%	1.1%
Charter boat / cruise / ferry	96.4%	0.5%	-2.8%	0.4%
Water activities / sports	22.6%	0.4%	3.2%	1.0%
Go whale or dolphin watching	0.0%	0.3%	-9.9%	0.1%
Visit farms	-4.3%	0.2%	6.8%	0.7%
Visit art / craft workshops / studios	16.6%	0.2%	-5.6%	0.2%
Experience aboriginal art / craft and cultural displays	0.0%	0.1%	17.1%	0.1%
Visit an aboriginal site / community	0.0%	0.0%	25.5%	0.0%
Visit a health spa / sanctuary / well-being centre	0.0%	0.0%	4.5%	0.2%
Attend movies/cinema	-20.0%	0.0%	3.8%	0.4%

Note: Share refers to the percentage of domestic overnight visitors who identified participating in that specific activity while visiting the region. Growth is the difference of participation in that activity between 2011 and 2015. Cells highlighted green are 1%+ difference to Regional Victoria and orange is 0.5% - 1% difference to Regional Victoria.

Through a detailed examination of markets identified in Table 8.1 five clear niche markets have emerged as having higher average spend, longer average stay and a fit with the Phillip Island and San Remo experience: events, spa and wellness, conference, education and adventure.

Figure 8.1: *Emerging Markets – Phillip Island and San Remo*



Legend:

- Percentage of all visitors to Victoria who undertake the listed activities and visited Regional Victoria (i.e. 47% of all event visitors, visited Regional Victoria)
- Percentage of those visitors that went to Regional Victoria for their activity, how many went to the Great Ocean Road
- Percentage that went to Phillip Island SA2

The shaded box below the table is an indication of the relative size of each market to Regional Victoria and the average growth rate per annum. What this shows is that:

- Half of all the **event visitors** to Victoria went to Regional Victoria, and of those 2.6M visitors (growing at 9% per annum), Phillip Island gets half as many as the Great Ocean Road;
- Nearly all of the **spa visitors** to Victoria go to Regional Victoria, and while this is a relatively small market compared to events (330,000 vs. 2.6M) it is growing at 27% per annum;
- The **conference market** is the least likely to go to Regional Victoria, and yet 156,000 delegates per annum visit Regional Victoria. Phillip Island holds its own against the Great Ocean Road but could be a market leader in this segment given the right infrastructure;
- **Education tourism** is an identified growth area for Australia, with Regional Victoria getting a little under half of the domestic education trips taken in Victoria, Phillip Island gets 6.5% of these; and
- Nearly all domestic visitors who undertake **soft adventure** activities (including walking, riding and marine activities) go to Regional Victoria, yet Phillip Island only attracts a small percentage of this market.

In addition to these markets, it is expected that Phillip Island and San Remo can grow its share of **nature-based** visitors, **rural tourism** visitors, the **cruise** market and the **touring** market through strategic investments and new product development.

Primary Domestic Growth Markets

Events

Market Trends

Tourism and events are intrinsically linked, and are an **integral part of a region's proactive approach to tourism**, economic and social development. Events provide opportunities to increase direct expenditure within a region, contribute substantially to a region's range of tourist attractions, provide a cost-effective way to promote the region through media coverage, promote awareness of the destination for future visitation and lead to the construction of new facilities and infrastructure. They also can help to assist in overcoming seasonality of demand and appeal to multiple target segments.

By 2035, the events market going to Regional Victoria is predicted to be worth approximately $2.4 billion per annum, with an average spend per night of $105 in 2015, rising to $175 in 2035 under the estimates provided by the Tourism Forecasting Council (TFC); this is a lucrative market that includes a large segment of those defined as 'cultural' visitors.

The Growth Opportunity for Phillip Island and San Remo

Motor sports have long been one of Phillip Island's most popular attractions, with multiple world class motor sports events held each year. Phillip Island hosted Australia's first Grand Prix in 1928, and the Phillip Island Grand Prix Circuit now hosts the two largest motorcycling events in Australia – the Australian Motorcycle Grand Prix and the World Superbikes. Ensuring Phillip Island retain these events post 2026 is a key strategy.

With the impact of Phillip Island's existing motor sport events already making a significant contribution to tourism in the region, the opportunity exists to not only **build up some of the smaller motor sport events, but also local and cultural events. These could include touring, art and music shows in the planned Cowes Cultural Centre, such as the Shearwater Festival, to generate a year-round events calendar with widespread appeal. A dedicated resource will be required, however, to drive this and proactively target event organisers with an events facilities guide and experience in the sector.**

OVERVIEW

3.8 million
Visitors to Regional Victoria

37%
Average Growth per Annum
(2011-2015)

8%
Potential Share of Regional Victoria

1.44 million
Potential Nights

$100.5 million
Potential Value

If Phillip Island could develop an events calendar that would **increase its share of the Regional Victoria events market from 2.4% to equal to that of the Great Ocean Road at 4.9%,** it would increase visitor numbers by approximately 265,000 above the predicted event visitor numbers to the region in 2035. These additional visitors would **spend on average an extra 0.5 nights in region compared to leisure visitors**, generating an extra 1.1 million visitor nights.

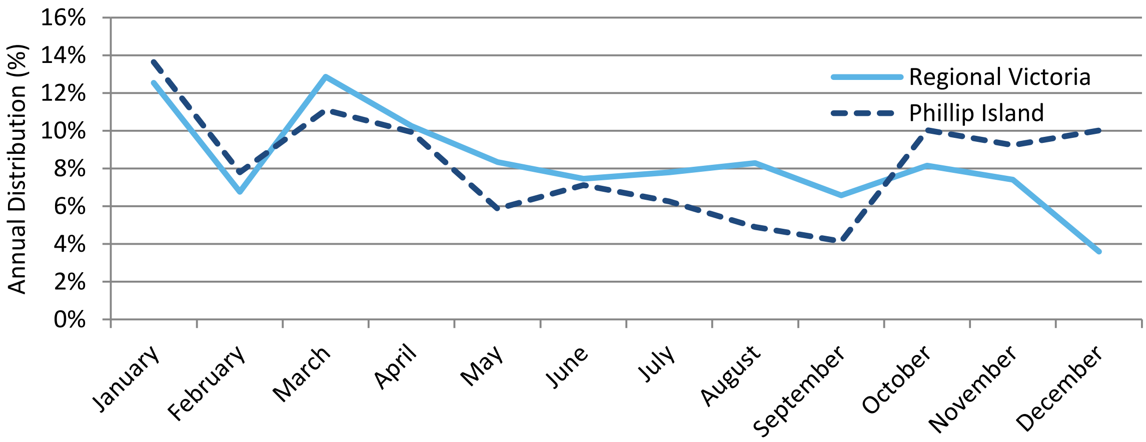
The additional value this market could bring in 2035 could be as high as $58.8 million per annum.

Addressing Seasonality

Visitors who travel to Regional Victoria to attend events tend to travel in March, before gradually declining to December (Figure 8.2). By targeting event visitors to increase Phillip Island and San Remo's share of the Regional Victorian events market, the region could reduce its low season visitation rates (between March and September).

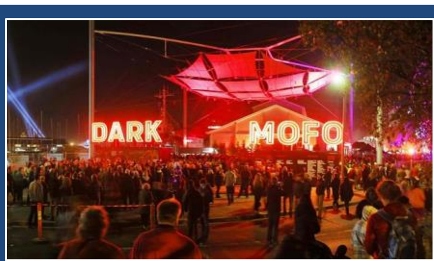
An estimated 60% of event visitors could be attracted off-peak with a dedicated events program and funding to attract events (especially cultural events) in the off-peak months.

Figure 8.2: *Phillip Island Seasonality Patterns against 3-year average Domestic Event Trends for Regional Victoria*



CASE STUDY

Dark Mofo Winter Festival (Hobart, TAS)



Dark Mofo is a 10-day arts and music festival that is changing the way Australia's southernmost capital, Hobart, is being seen and enjoyed by locals and tourists.

Building on the ancient winter solstice ritual of facing the darkness and bringing back the light, Dark Mofo has thrived on an impossible success recipe – selling the weird, obscure and the conceptual to the public. The festival is held at The Museum of Old and New Art (MONA), and celebrates both ancient and contemporary traditions by means of art, film, music, theatre, food and light.

The festival is well on its way to becoming Australia's most popular winter attraction, growing from 128,000 attendees upon its debut in 2013 to over 174,000 in 2015. The success of the winter festival has **encouraged more off-peak visits** to the State, which in turn, has helped to amplify the success of existing brands such as the food and wine industry and wilderness destinations, **generating a higher year-round visitation and increase in tourism spend**.

The festival aims to become a major player on the international arts scene and one of the world's best international winter destination festivals. It also projects it will provide a **$65 million boost to Tasmania's economy within the next five years**.

"The first time ever that us locals dragged ourselves away from our fires and got active for arts and music in our mid-winter" – TripAdvisor Comment

Source: https://darkmofo.net.au/

Spa and Wellness

Market Trends

Spa and wellness tourism is defined as "*all travel associated with the pursuit of maintaining or enhancing one's personal wellbeing*" but does not include medical tourists.[21] The Global Wellness Institute currently estimates that the spa and wellness market makes up 6**% of all domestic and tourism trips** and is worth **$438.6USD billion worldwide**. This niche market's spend per trip is also **significantly higher than the average visitor,** reportedly spending 65% more per trip than the average international and 150% more per trip than the average domestic visitor.[22]

While current spa and wellness source markets are Europe and North America, over 50% of the global growth in this market predicted by 2017 is projected to come from Asia, Latin America and the Middle East, with the **Asia-Pacific region estimated to receive 5.5 million spa and wellness trips by 2017 alone**.

In Victoria, spa and wellness tourism is seen as a **product strength and a State priority**, with *Victoria's Regional Tourism Strategy* (Visit Victoria, 2013) reporting geothermal waters, mineral springs and therapies and treatments in a natural setting among the State's key experiences. This niche group also aligns to Victoria's ideal target market – Lifestyle Leaders.

The Growth Opportunity for Phillip Island and San Remo

Phillip Island is not currently Regional Victoria's most popular destination with the Lifestyle Leaders (it ranks eighth). On average, **1.5% of the current Australian population who align with the Lifestyle Leaders segmentation have a preference for visiting Phillip Island**. Within that, the two largest sub-segments with the greatest affinity with Phillip Island are the 'Creative Opinion Leaders' (2.2%), 'Enriched Wellbeing' (1.5%) and 'Inspired by Nature' (1.4%).

The Strategy strongly supports the $10.5 million hot springs development planned for Newhaven, as it provides Phillip Island with a prime opportunity to better attract this core market segment through new spa and wellness experiences. **This investment, however, needs to be supported by an investment in marketing the region to wellness customers.**

If Phillip Island could capture just **5% of the 329,000 domestic spa visitors** (day and overnight) expected to visit Regional Victoria in 2035, the region would **attract an additional 28,000 visitors**.

The additional value this market could bring in 2035 would be $8.2 million per annum.

OVERVIEW

329,000
Visitors to Regional Victoria

34%
Average Growth per Annum
in Regional Victoria
(2011-2015)

5%
Potential Share
of Regional Victoria

23,700
Potential Nights

$8.2 million
Potential Value

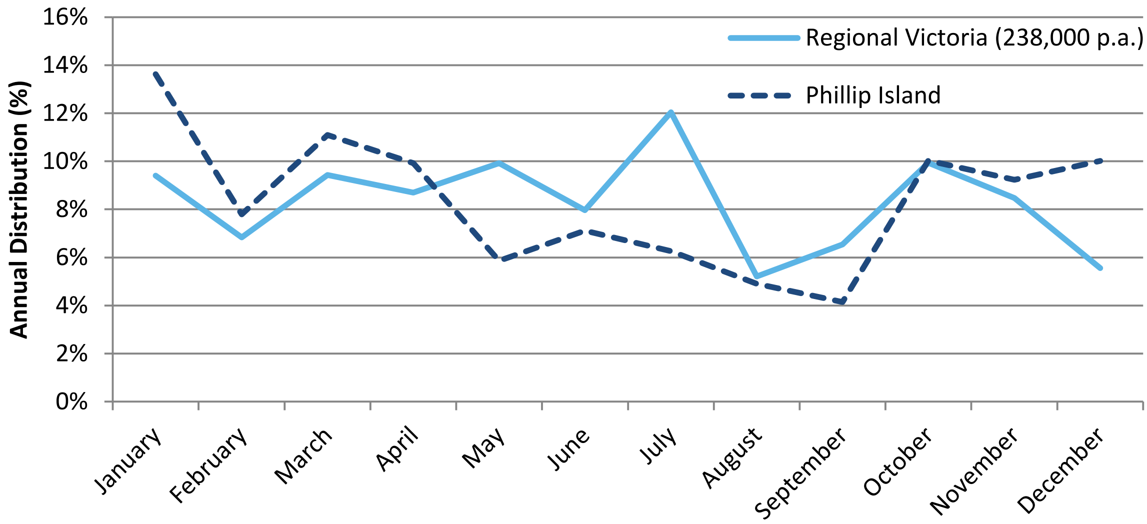
Addressing Seasonality

Visitors who travel to Regional Victoria for spa and wellness related activities tend to travel between March and June, with a large spike in July, before dropping in August and December (Figure 8.3 on over page). These peak months for spa visitors in Regional Victoria occur during Phillip Island's low season, making it an ideal target market for the region to increase its visitation during low season.

[21] SRI International, 2013
[22] Global Wellness Institute, *The Global Wellness Tourism Economy Report*, 2014

It is estimated that 50% of the spa and wellness market will travel off-peak, this could be higher with dedicated marketing support for off-peak promotions.

Figure 8.3: *Phillip Island Seasonality Patterns against 3-year average Domestic Spa Activity Trends for Regional Victoria*



Conference

Market Trends

Business events (conferences) are one of the **highest daily yields of any sector of the visitor economy**, estimated to be currently worth $28 billion – up $10 billion from 2002/03.[23] They also provide a perfect opportunity to boost **mid-week visitation dispersal** with a destination.

The latest research on business events in Australia indicates that Victoria receives a third of all events and delegates, rivalled only by New South Wales (who only slightly outranks them).

The Growth Opportunity for Phillip Island and San Remo

The addition of the Silverwater Conference venue will begin to deliver immediate results for the destination in its ability to attract conferences over 300 pax – this venue alone could lift the region's share of the conference market by 2%, delivering an increase of 20,800 visitors per annum or $9.1 million in additional expenditure. However, the Phillip Island and San Remo Visitor Economy Strategy 2035 aims to **secure an additional two venues capable of attracting events with over 300 delegates** for multi-day business events and major conferences.

Based on the region's current success in attracting 2.5% of all Regional Victoria's conference delegates at the longer average stay of 3.1 nights (compared to 2.4 nights in Regional Victoria) Phillip Island and San Remo **could attract as many as 35,800 visitor nights by 2035**.

OVERVIEW

263,200
Visitors to Regional Victoria

2%
Average Growth per Annum
(2011-2015)

5%
Potential Share of Regional Victoria

35,800
Potential Nights

$9.1 million
Potential Value

[23] Business Events Council of Australia, *The Value of Business Events to Australia*, 2015

This growth could be facilitated by the appointment of a **dedicated events acquisition resource** in Council to grow and attract off-peak events.

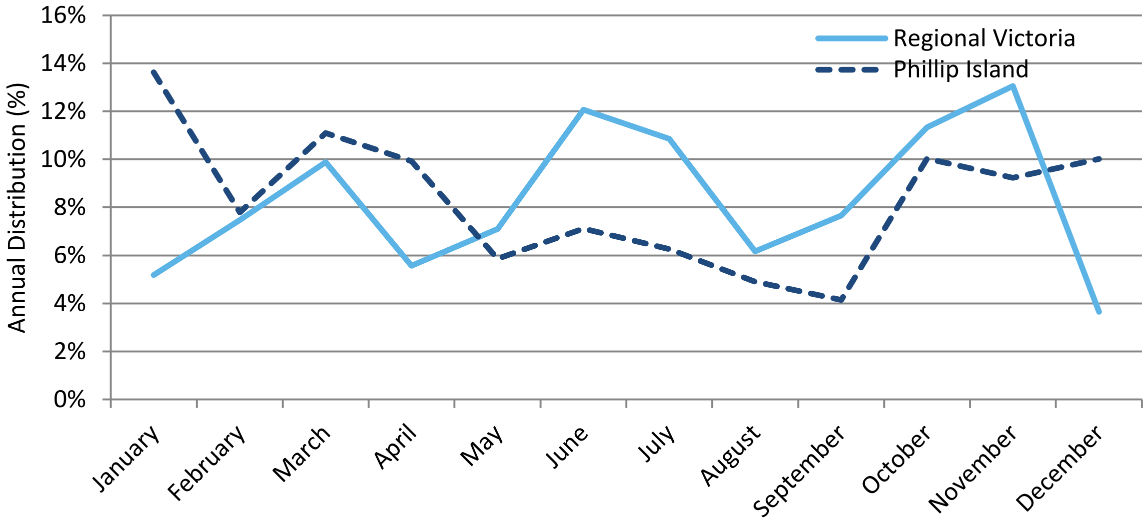
The additional value this market could bring in 2035 would be $7.7 million per annum.

Addressing Seasonality

Visitors who travel to Regional Victoria for conferences tend to travel in March, June and November, with the lowest visitation occurring in January, April, August and December (Figure 8.4 on over page). Between May to September (Phillip Island and San Remo's low visitor season), the region could target conference visitors from Regional Victoria to decrease its low visitor seasonality.

It is estimated that 75% of the conference and business events market could be attracted off-peak with appropriate marketing support and a dedicated person attracting business events. This market will primarily travel mid-week which is ideal year-round.

Figure 8.4: *Phillip Island Seasonality Patterns against 3-year average Domestic Conference Trends for Regional Victoria*



CASE STUDY

Uluru Meeting Place (Yulara, NT)

Uluru Meeting Place strives to be the home of unforgettable conferences and events. With the mighty silhouette of Uluru on the horizon, this new, state-of-the-art conference centre is paired with once in a lifetime experiences with nature. Nature based experiences and activities are seamlessly incorporated into the conference program, helping to provide attendees with an exceptional business tourism experience.

The successful integration of business and nature by Uluru Meeting Place is highlighted by its silver award win in the Business Tourism Category at the 2014 Australian Tourism Awards.

Source: *http://www.ulurumeetingplace.com.au/*

Education

Market Trends

Education tourism in Australia currently attracts 1.94 million visitors and is worth $433 million in visitor spend. In Victoria, education tourism has increased by 10% since 2011.

At a regional level, the *Bass Coast Education Plan* (Bass Coast Shire Council, 2014) identifies the **need for an education precinct for Bass Coast Shire to equip the community with the necessary skills and knowledge to compete on a global stage**. The Plan identifies the "importance of stimulation and supporting the local economy by attracting more business and industry to the area, addressing skills shortages and building resilient local businesses through partnerships" and contains economic development and aspiration principles. A focus of the Plan is to partner with local businesses to support vocational and employability skills attainment, aligning learning and development opportunities with business industry needs.

The Growth Opportunity for Phillip Island and San Remo

The education tourism and travel market is a source of potential growth for Phillip Island and San Remo. **Development of Phillip Island as a centre for education excellence** will have benefits both in terms of increased visitation as well as in upskilling staff and improving skill and service levels within the industry.

Education is currently a large Island employer, with approximately 1,000 students attending the Newhaven College, an independent co-educational school offering education from Prep to Year 12, and the sector employs more than 654 people contributing $65 million to the local economy each year.[24] The Island is already participating in the education tourism market, with businesses on the Island, such as the Phillip Island Adventure Resort, which caters for up to 400 students on school camps, the Phillip Island Nature Parks Ranger Quest school camp program product which is offered to school groups from Year 4 to Year 12, and Island Surf School, Victoria's second largest learn to surf school.

OVERVIEW

265,000
Visitors to Regional Victoria

12%
Potential Share
of Regional Victoria

76,000
Potential Nights

$20 million
Potential Value

The education market represents a significant opportunity for Phillip Island and San Remo both domestically and internationally. The schools in the region are already attracting domestic education visitors and the opportunity over the next 20 years is to build a domestic and international reputation for education programs. Increased education opportunities will also help to address the labour and skills shortage currently faced by the region by retaining youth through an increased focus on vocational education on the Island.

Through a **business mentoring program,** operators need to be shown how to work with the education market domestically and internationally to lift the profile and product of the destination.

The region currently receives approximately 17,300 domestic education visitors,[25] of which 50% are overnight trips. This equates to just 8% of the Regional Victorian market, slightly higher than the Great Ocean Road (7%). It is forecast that if Phillip Island and San Remo could effectively position the destination as a leader in the education market, it could **lift its share by 5%** and **increase its average stay**

[24] Bass Coast Shire Council, *Bass Coast Shire Economic Development Strategy 2016-2026*, 2016
[25] At the time of preparing the strategy, the international education market for the Island was too small to be reliably reported from the International Visitor Survey.

to the same as stays in Regional Victoria for this market (2.3 nights up from 2.0 in Phillip Island) and could make a significant contribution to the region.

A 5% shift in market share in the domestic education market to Phillip Island and San Remo could **increase the number of visitors by 22,700** students above the 2035 predicted growth, providing an additional **35,700 visitor nights**.

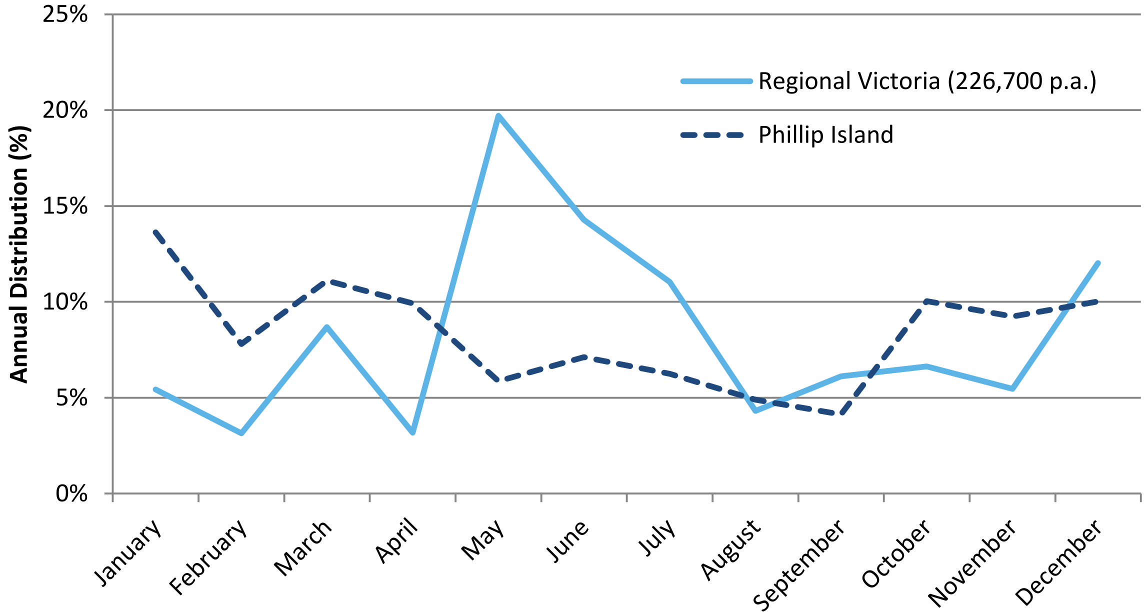
The additional value this market could bring in 2035 would be $11 million per annum.

Addressing Seasonality

With a seasonality pattern that contrasts the current school holiday patterns which drive the region's visitation (Figure 8.5), the education market provides a significant growth opportunity for Phillip Island and San Remo, including growth opportunities in education-related VFR.

It is estimated that 70% of the education market will travel off-peak, with a particular focus on week-days which is ideal for a weekend destination.

Figure 8.5: *Phillip Island Seasonality Patterns against 3-year average Domestic Education Trends for Regional Victoria*



CASE STUDY

Study Tours Australia (Melbourne, VIC)

International education is Australia's largest services export, contributing $16.3 billion to the Australian economy in 2013–14. To remain globally competitive, study programs need to not only deliver academic value but play to the strength of the destination in delivering education outcomes.

Phillip Island has an international advantage in its island location, access to tertiary institutions and natural environments to deliver world-leading programs in environmental management, community planning and development, and conservation along with the more traditional short courses of English immersion and study tours.

Study Victoria provides short-term study tours hosted in Victorian government schools. Each tour is tailored to the visit duration and group interests in one or more study tour themes. Opportunities exist to partner with schools and universities to access the education market for program ranging from 3 days to 12 weeks during the Victorian school terms.

Source: http://www.study.vic.gov.au/

Adventure

Market Trends

Adventure tourism is one of the fastest growing sectors of the tourism industry. Currently worth **$263 billion USD globally**, this market includes trips with physical activity, natural environment or cultural immersion. Compared to non-adventure travellers, adventure travellers are more likely to use professional services such as guides, instructors, tour operators, or other services – helping to increase spend while in region. [26]

The Adventure Travel Trade Association (ATTA) suggests that despite the increasing interest, there remains **ample room for improvement** to better tap into this growing niche market, with **surfing specifically identified as an underdeveloped activity**.[27]

Surf Tourism is a rapidly expanding niche market segment of Australia's wider tourism industry, as surfing is seen as part of the Australian ethos, being popular, ageless and a sport for life. There are 2.3 million recreational surfers in Australia with a split of 70% male and 30% female. Approximately 82% of Australian surfers live on the east coast. Surfers are more likely to be a skilled worker, with 35% of them likely to have undertaken some form of tertiary/university education and 58% of them more likely to earn over $100,000 per annum. This demographic profile makes surfers an attractive target market for destinations like Phillip Island. Surf tourism visitors also highly value scenery, a variety of wave types and a diversity of local spots to surf, all of which Phillip Island can offer in spades.

The Growth Opportunity for Phillip Island and San Remo

Adventure tourism is a vibrant, dynamic and fast-changing sector that **attracts high value customers, supports local economies and encourages sustainable practices**. Individual companies are often small, owner-operator led and provide professional guide and touring services, technical support and equipment, and cultural and natural interpretation. The report also states that **membership of private**

[26] UNWTO, *Global Report on Adventure Tourism*, 2014
[27] ATTA, *Industry Snapshot*, 2014

sector adventure associations is steadily increasing, as a growing number of travel businesses recognise that the products they offer can be marketed as adventure products, or as they begin to diversity and offer adventure options to meet growing market demand.

Phillip Island has a number of competitive advantages as a surf destination. By its very nature as an island, Phillip Island has the ability to provide a wave that can be surfed on almost every wind and swell direction. The reliability of surfable waves could be a significant motivator for surf tourists and this is a strength and should be a focus of the promotion of Phillip Island as a surfing tourism destination. Another of the Island's competitive advantages is the availability of small and consistent waves that are suitable for learners. Both of these attributes should be focussed on in marketing the region as a surf destination.

The small and reliable waves of some of Phillip Island's surf breaks are renowned as being beginner friendly. One of Australia's most established surf schools, Island Surf School is based on Phillip Island and is now Victoria's second largest learn to surf school. The availability of surfing lessons provides the opportunity for people of all ages to have a surf experience and this will be a strength of the region's surf tourism offering. Surfing becomes an attractor not just to surfers, but to families and visitors looking to have their first surfing experience.

The reliability of the surf and the different quality breaks available in different weather conditions are also a strength for Phillip Island in attracting surfing events. There are six surfing events planned for Phillip Island in 2016.[28] Phillip Island currently hosts the Subway Pro Junior Surf Series in March, an event sanctioned by the World Surf League. It is part of the Australasian Junior Qualifying Series, with events at seven locations around Australia. More than 50 surfers competed in the Phillip Island event.
The area has hosted international events when conditions at Bells Beach have not been suitable to run the Bells Beach pro event – with Phillip Island's reliability of surfing providing an alternative option for event organisers. Phillip Islands experience in and infrastructure for hosting large international motorsports events will be useful in securing an event of this size. An annual Phillip Island surfing event will generate a significant economic and tourism benefit to the Island, as well as providing an opportunity to promote the area internationally and nationally as one of Australia's best surfing destinations.

With the adventure tourism market intrinsically linked to nature, **protection of Phillip Island's natural assets will be key in growing this market**, and its future growth is linked to the **marketing and product development** strategies already identified.

From the domestic adventure market, the region currently receives approximately 53,000 visitors of which 31% are overnight trips to the region based on the results from the National Visitor Survey (NVS). This equates to just 5.7% of the market going to Regional Victoria each year, slightly less than the Great Ocean Road (17%). It is forecast that if Phillip Island and San Remo could effectively position the destination as a leader in the adventure market it could **lift its share to 8%** and **increase its average stay to the same as stays in Regional Victoria** for this market (3.4 nights up from 2.3 in Phillip Island) it could make a significant contribution to the region.

A 2.3% shift in market share in the domestic adventure market to Phillip Island and San Remo could **increase the number of visitors by 45,600** visitors above the 2035 predicted growth, providing an additional **133,000 visitor nights**.

OVERVIEW

1.7 million
Visitors to Regional Victoria

8%
Potential Share of Regional Victoria

198,000
Potential Nights

$55.3 million
Potential Value

[28] Surfing Victoria, *Events Schedule*, 2016

The additional value this market could bring in 2035 would be $34.9 per annum.

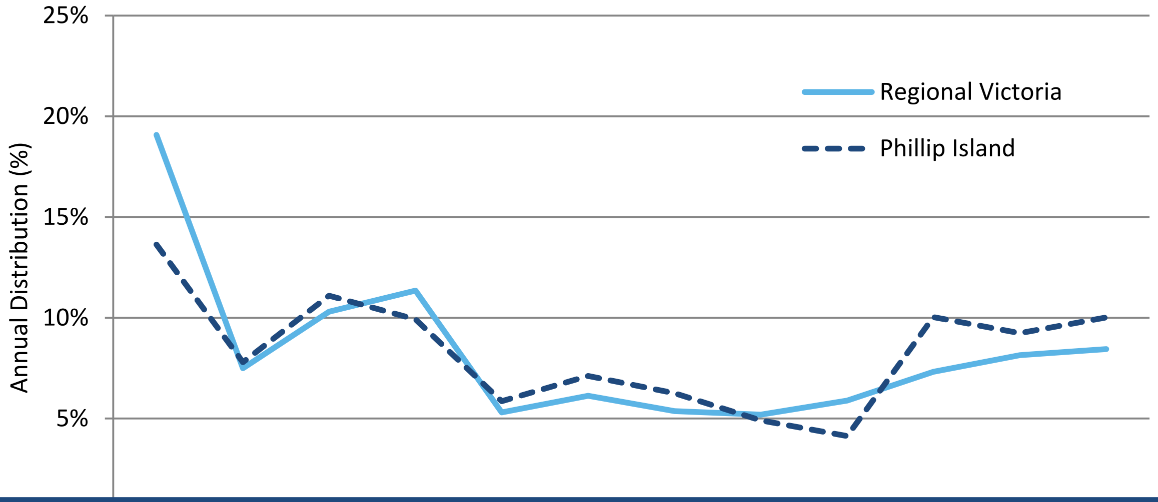
Note – Because activities are a multiple response section of the National Visitor Survey, figures have been adjusted based on the average number of activities each visitor participates in, in order to avoid overlaps and double-counting.

Addressing Seasonality

With a seasonality pattern that closely follows Regional Victoria's adventure market (Figure 8.6), the adventure market provides a growth opportunity for Phillip Island and San Remo to increase its share of the adventure market to Regional Victoria.

The adventure market follows almost exactly the same market profile as Phillip Island and therefore it is predicted that only 15% of its value will be off-peak.

Figure 8.6: *Phillip Island Seasonality Patterns against 3-year average Domestic Adventure Trends for Regional Victoria*



THE HISTORY OF SURFING ON PHILLIP ISLAND

The Island's surf history is a significant part of the story of Phillip Island waiting to be told. Rip Curl was an integral part of Phillip Island's early surf scene with one of their first factories manufacturing boards and wetsuits in Newhaven. The company grew and consolidated in Torquay but has now returned to Phillip Island by rebranding and refurbishing the former Islantis Surf Store to become Rip Curl Phillip Island.

The Phillip Island Boardriders Club ran what is reputed to be the first professional surfing event in 1969, with a $100 first prize. From 1976 to 1986 the club also ran a professional contest, the Allan Oke Memorial contest which was one of the major surfing events in Australia at that time.

Island Surfboards also began in Phillip Island in 1969 and has become renowned for their top-quality, handmade boards. Phillip Island also operates one of Australia's top surf schools with coaching for surfers from beginners to high performance.

Phillip Island has also made history as the home of Victoria's first National Surfing Reserve, which recognises iconic sites of cultural and historic significance in Australian surfing. It was declared on Saturday 16 March 2013 and dedicated to the surfers of yesterday, today and tomorrow, with Woolamai, Smiths Beach, Summerland and Cat Bay included as part of the reserve.

Secondary Growth Markets

Nature-based Tourism

Market Trends

Nature-based tourism remains a key pillar of Australia's visitor economy, and one of the main motivators for both international and domestic travel. Nature based visitors have a **higher length of stay** compared to regular visitors and are estimated to be currently worth **$41 billion** to Australia in visitor spend.[29]

In Victoria, nature-based tourism accounts for 70% of total international and 19% of total domestic overnight visitors to the State, and this number continues to rise.[30]

It is the region's strong link with nature, combined with its conservation efforts by the community, passionate volunteers and Phillip Island Nature Parks that will be required to help maintain its future position as a prime nature-based destination.

The Growth Opportunity for Phillip Island and San Remo

Given that Phillip Island's natural assets are already the major drawcard for most visitors, it is likely that **continued natural growth to 2035 will be witnessed in this market**.

This natural growth, combined with the CSIRO reporting a bleak global environmental future by 2030 (refer to breakout box on the following page), **Australia's world-class nature and wildlife, including that of Phillip Island, will only increase in value as visitors seek a remaining slice of green**.

It will be **imperative that the region take appropriate steps to not only preserve, but enhance its natural assets** to ensure that the region does not fall victim to this declining biodiversity trend. The region will also need to maintain a **regular update of innovative products and experiences** to maintain interest by this market.

Having a **clear brand positioning** supported by international certification, demonstrated results, motivated volunteers and a firm planning scheme and policies around sustainable tourism are key to the success of the region in nature-based tourism.

The 2035 value of this market at natural forecast growth rates is estimated to be as high as $51.5 million per annum (domestic visitors only).[31]

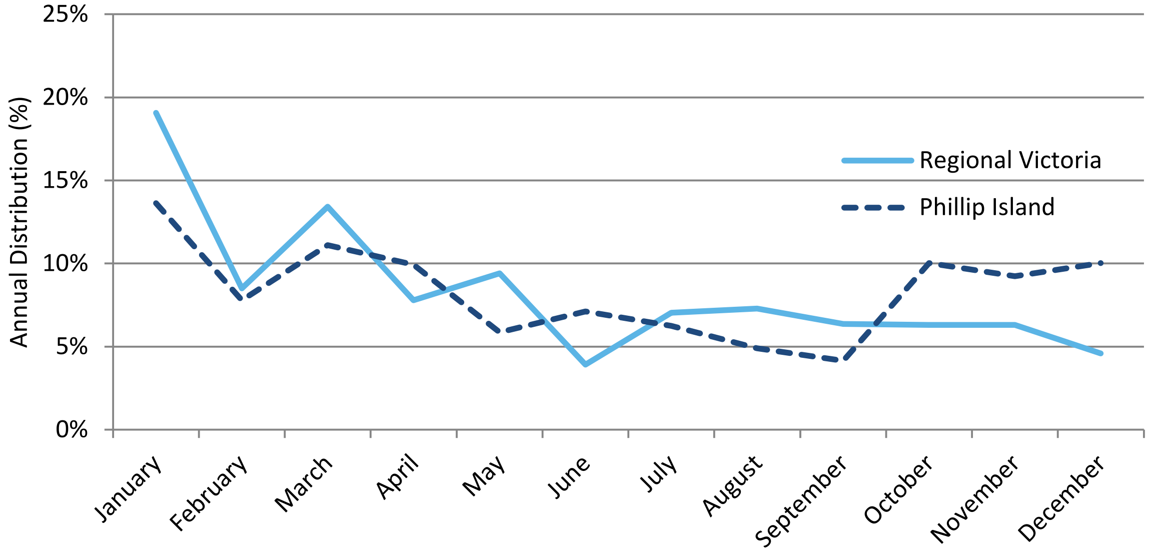
Addressing Seasonality

As the destination already attracts a large proportion of this market, its seasonality trends are not likely to be dramatically different to Regional Victoria (Figure 8.7).

With the addition of walking and shared trails to appeal to a walking and cycling market, the destination could attract at least 15% of this very large market segment during the off-peak season.

[29] Griffith Institute for Tourism and Tourism Research Australia, *Nature-based Tourism in Australia*, December 2014
[30] Visit Victoria, *Victorian Market Profile for Nature-Based Visitors*, June 2014
[31] **Please Note** – Because activities are a multiple response section of the National Visitor Survey, figures have been 'adjusted' based on the average number of activities each visitor participates in, in order to avoid 'overlaps' and double-counting.

Figure 8.7: *Phillip Island Seasonality Patterns against 3-year average Domestic Nature-based Trends for Regional Victoria*



CASE STUDY

CSIRO Global Megatrend – *Going, going, …gone?*

CSIRO's "Going, going, …. gone?" Megatrend explores the bleak projection that of much of the world's natural habitats, animal species and plant species, that humans depend on and value are at risk of being lost forever. The three main components of biodiversity; ecosystems, genes and species are all showing signs of decline. This decline is due to a range of direct pressures on the world's biodiversity, including: habitat damage, overexploitation; pollution; invasive alien species; and climate change.

While indications show that these pressures on biodiversity are either increasing in intensity or remaining constant, it will be the actions taken by human beings in the coming decades that will determine the fate of biological diversity for coming millennia.

Source: *Hajkowicz SA, Cook H, Littleboy A. 2012. Our Future World: Global megatrends that will change the way we live. The 2012 Revision. CSIRO, Australia.*

Cruise

Cruise Market Trends

Australia's cruise shipping industry is currently estimated to be worth $1.95 billion, of which 46% ($903 million) comes from passenger expenditure. **Since 2003, the number of ship visits in Australia has doubled and passenger capacity has increased by 10.8% per annum**, highlighting the increasing significance of this fast-growing market.[32]

Cruise shipping remains a key market segment for Victoria, and is estimated to be currently worth $160.89 million in cruise-related spend.

With the proper infrastructure and experiences, Phillip Island and San Remo have the potential to become a regular stop on the Victorian cruise itineraries.

[32] Cruise Down Under, *Economic Impact Assessment of the Cruise Shipping Industry in Australia*, 2014-15

Melbourne is Victoria's main port of call, and over the past 10 years, the Port of Melbourne has experienced 400% growth in the number of cruise ship visits.[33] The latest cruise ship passenger survey by Visit Victoria indicates that the majority of passengers are from Australia and are primarily coming from New South Wales and Queensland.[34]

The Growth Opportunity for Phillip Island and San Remo

There is strong potential to develop the cruise sector and promote Phillip Island and San Remo as a preferred cruise destination in Victoria. In order to leverage this opportunity, however, the region will need to address its supply-side constraints and improve the onshore visitor experience.

Current (2015) infrastructure will no longer be feasible to cater for this increased demand and will require the construction of a permanent facility. Industry feedback suggests that with capacity improvements, Phillip Island has the ability to attract more ships – some of which might just land passengers for the penguin experience, but others that would stay 12 hours to allow both day and evening tours.

They will also need the wharf/landing area dedicated to their tenders during docking so that they can maintain security (everyone boarding the ship goes through a scanner) and load quickly. Key concerns would be around managing passengers who do a day tour as well as the night penguin experience, and then go back on board in between times for a meal and a rest. After the penguin experience they need to get everyone back on the ship efficiently to allow for sailing.

If Phillip Island and San Remo could attract 5 vessels in 2035, with an average of 1,000 visitors per vessel, this market could bring an additional $1.9 million in expenditure[32].

Addressing Seasonality

The typical season for cruising in the southern hemisphere is December to May. This is also primarily peak season for the destination with the exception of February (depending on the timing of Lunar New Year).

As a result it is expected that only 15% of this market will travel off-peak, including week-days.

Rural Tourism

Rural Tourism Market Trends

Although rural tourism encompasses a variety of activities such as farm stays, its major focus is on **regional produce experiences**. Participation in rural tourism experiences (i.e. food, wine and local cuisine) across Australia is on the rise, with recent research indicating that food and wine is now **ranked as the third most important factor in holiday decision making by visitors** (38%) behind world class beauty and natural environments (both at 37%).[35] In addition to this, those who have visited Australia in the past now rank the country as the **second best regional produce experience in the world**, positioned behind France, but before Italy.

Although rural tourism poses a great new market opportunity for Phillip Island, it will require the full support of rural land owners to grow.

The Growth Opportunity for Phillip Island and San Remo

The region's abundance of rural land offers a unique opportunity for farmers to tap into the rural tourism space, helping to alleviate some of the hardships that have been faced by rural land owners in the past

[33] ww.portofmelbourne.com/port-operations/cruise-shipping-and-station-pier
[34] Visit Victoria, *Melbourne Cruise Ship Passenger Survey*, 2012-13
[35] Tourism Australia, *Gourmet Tourism is Growing*, 2015

(e.g. infertile land). Phillip Island and San Remo has the potential to grow its rural tourism offering by working with the broader region to develop its food and wine experiences. For example, the Gurdies area, just 30 minutes away, offers wineries and unique food experiences which complement the region's offerings. The aim should be to strengthen Phillip Island and San Remo's position as an internationally recognised destination where visitors can enjoy fresh farm and gourmet produce, fresh seafood and premium wines.

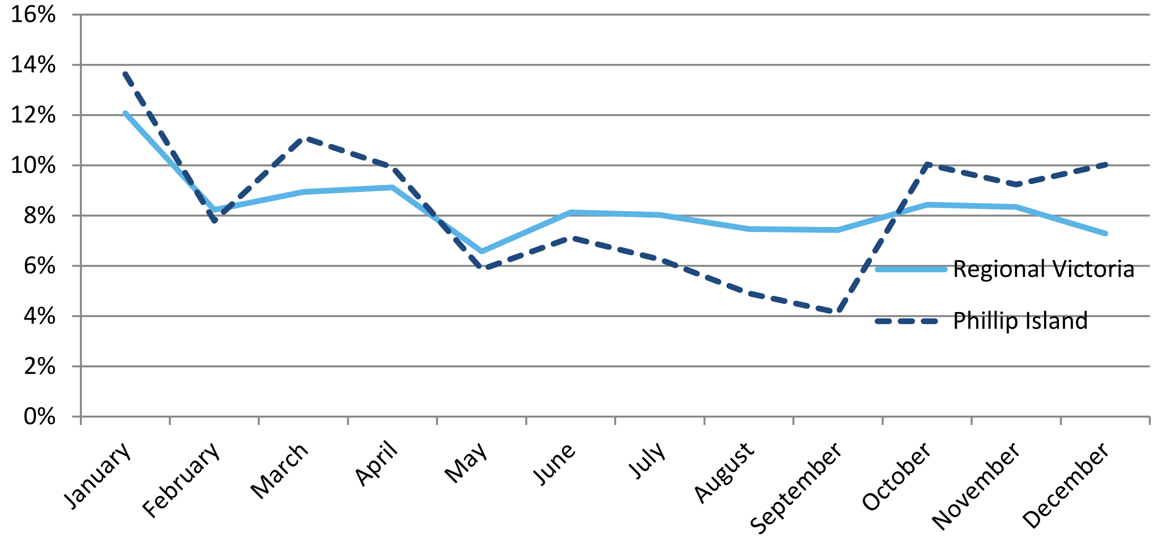
The 2035 value of this market at natural forecast growth rates is estimated to be almost $2 million per annum (domestic visitors only).[36]

Addressing Seasonality

Visitors who travel to Regional Victoria for rural activities tend to travel in January, however visitation is generally consistent across all months (Figure 8.8). Between June to September, Phillip Island and San Remo could target rural visitors from Regional Victoria to increase the consistency of seasonality by rural visitors.

Based on the seasonality patterns below, an estimated 50% of rural visitors could be attracted during the off-peak season.

Figure 8.8: *Phillip Island Seasonality Patterns against 3-year average Domestic Rural Trends for Regional Victoria*



[36] **Please Note** - Because activities are a multiple response section of the National Visitor Survey, figures have been adjusted based on the average number of activities each visitor participates in, in order to avoid overlaps and double-counting.

International

The International Market

Phillip Island and San Remo capture only a small percentage of the total international visitor nights to Regional Victoria. In 2015, the region secured just 8.3% of international overnight visitors (see Table 8.2 below). Through the implementation of key actions from the Phillip Island and San Remo Visitor Economy Strategy 2035, it is possible to increase the region's share of international overnight visitors.

The potential share in 2035 is based on the shares of similar destinations and the historic trends for the region. These are summarised below:

- The region's share of the **China** market staying overnight has grown from just 4% in 2011 to 10.6% in 2015 through partnerships, and this is predicted to continue to grow to 15% as new branded accommodation is developed and as the market evolves to more Free and Independent Travel (FIT);
- **India** and **Other Asia** markets seek a greater depth of products and experiences, these markets are predicted to increase their share to rates comparable with western markets (e.g. UK, USA) as the range of experiences increases, including farm stays and a potential car ferry offering touring options for the self-drive market; and
- **USA, UK, NZ, Europe and Other Countries** are assumed to retain their share or slightly increase as products begin actively promoting themselves internationally.

Table 8.2: *Current and Potential Market Share and Expenditure by International Overnight Visitors to Phillip Island and San Remo*

Market	2015		2035	
	Share	Spend	Share	Spend
India	4.3%	$22,685	9.0%	$154,703
China	10.6%	$931,492	15.0%	$4,569,716
Other Asia	6.6%	$3,978,444	10.0%	$24,277,056
North America	8.8%	$1,172,985	9.0%	$3,868,482
Other Europe	15.9%	$2,215,920	16.0%	$7,170,712
United Kingdom	5.8%	$1,075,521	9.6%	$5,733,373
New Zealand	3.6%	$582,545	5.0%	$2,589,437
Germany	13.6%	$813,598	14.0%	$2,705,324
France	10.9%	$683,948	12.0%	$2,439,009
Other Countries	2.9%	$444,787	5.0%	$2,511,633
TOTAL	**8.3%**	**$11,921,924**	**10.5%**	**$56,019,444**
ADDITIONAL SPEND ABOVE NATURAL GROWTH (TFC FORECASTS)				**$19,865,018**

It is forecast that if the average length of stay of each market increased by just 10% over the next 20 years, this would deliver nearly $20 million in additional expenditure in 2035.

China

China Market Trends

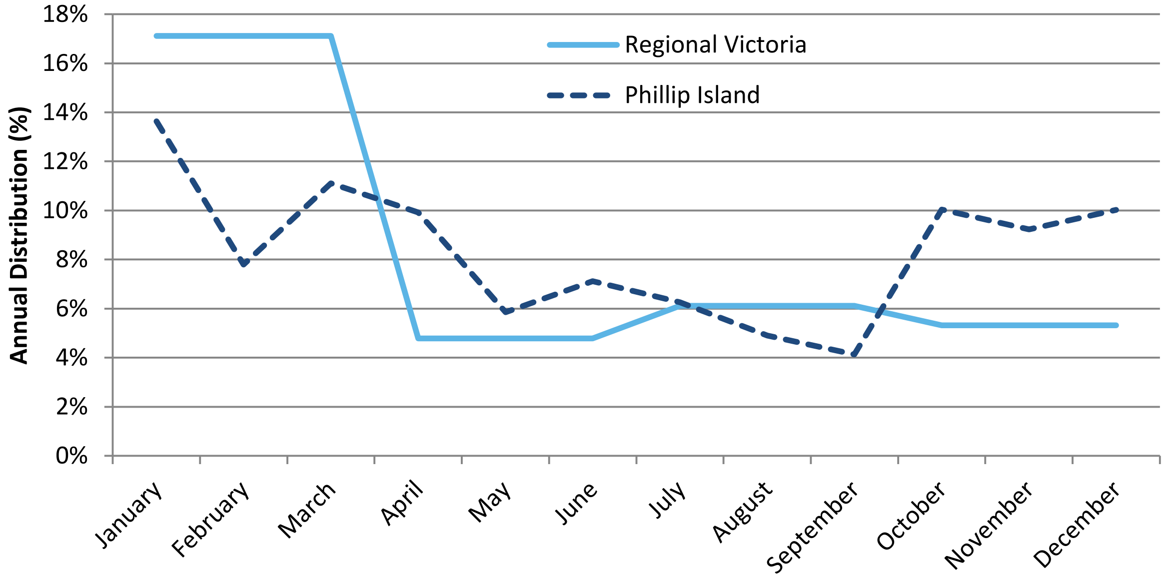
Day trips from China already play a significant role in the region's market mix, currently making up almost **20% of Phillip Island's international day trip market**. With the penguins acting as a key motivator, the Island has become **Victoria's second most popular regional destination for Chinese visitors** (21%) behind the Great Ocean Road (42%).[37]

[37] Visit Victoria, *International Market Profile: China*, YE December 2015

China is the **fastest growing visitor market world-wide and the world's top spender** – spending $221.8AUD billion in 2014 alone.[38] At a national scale, they remain held-fast in their position as a leading market segment for both Australia and Victoria, with current (2015) Chinese visitor nights and numbers growing at their fastest rates since 2011.[39]

Phillip Island has the opportunity to further leverage its natural experiences to grow the high-value overnight China market, in particular during the August and September seasonal lows (Figure 8.9).

Figure 8.9: *Phillip Island Seasonality Patterns against 3-year average China trends for Regional Victoria*



Growth Opportunity for Phillip Island and San Remo

Specific areas for growth within this market segment have already been identified through a recent survey on the Chinese visitor experience by Visit Victoria, with results indicating that **'Free Independent Travellers' (those who travel using a self-booked itinerary), have a higher preference for staying overnight in regional Victoria** (10%) compared to those in groups (1%). Through the survey, respondents also identified the following gaps in Phillip Island's current offering:

- Lack of **walking trails and nature-based attractions** (beyond the penguins)
- Lack of **spa experiences**
- The desire for a more **in-depth penguin experience**

Feedback from international trade suggests the Island's unique wildlife, fresh environment and beach experiences within close proximity to Melbourne City make the destination very appealing to the Chinese market. The feedback also suggests that besides being famous for penguins, Phillip Island could be positioned as an 'island destination' with diverse experiences that warrant travellers to stay and explore for 2-3 days.

Phillip Island is primarily capturing the Group market from China, Taiwan and Hong Kong. The future growth opportunity is in the Self-drive and Free and Independent Traveller (FIT) segments, especially the sub-segment of families with young children.

[38] UNWTO, *Tourism Highlights*, 2015 Edition
[39] Deloitte Access Economics, *Tourism and Hotel Market Outlook*, February 2016

Additional segments with potential include the education segment, and those visiting friends and relatives in Australia who could be encouraged to stay 2-3 nights to fully explore the diverse experiences on offer. A key to success for the China market will be providing an innovative way to get their 'pictures with a penguin' that can be shared through social media.

As this market is predominately travelling in peak period it is not expected to contribute more than 10% of its additional value to the off-peak travel target.

India and Other Asia

India and Other Asia Market Trends

The rest of Asia has also become a significant international market for both Australia and Victoria in the last decade, and this is only expected to increase as more direct air services become available. Similar to China, Asian visitors are perceived as a 'high value' market, with **higher than average spending driven by increasing incomes across the region**.[40] Day trip visitation to Phillip Island is currently dominated by the Other Asia market,[41] which makes up just over 42% of the region's international day trip market.

The opportunity exists for Phillip Island to further develop its offering to better cater to the future Asian visitor market (see breakout box below) and capture more of regional Victoria's share (Figure 8.9).

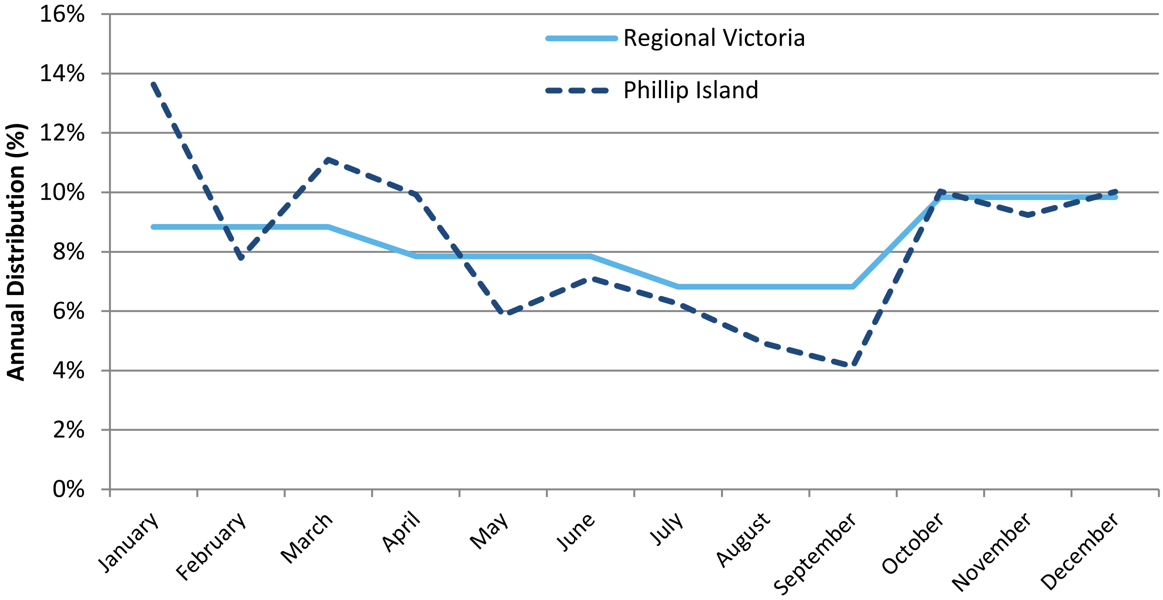
WHERE THE NEXT GENERATION OF ASIAN TRAVELLERS IS HEADING

- More than a third of Asian Millennial travellers (including China) would be **attracted to leave a big city and have the opportunity to see beautiful landscapes**, try unique foods, visit cultural sites and experience the lifestyle of local people.
- **Time is of the essence:** 43% of respondents had to stay in their city destination because they didn't have enough time to visit elsewhere. The largest share of those who left took a 2-3 night break away from the city.
- **Food is fundamental:** 85% of respondents said they love to visit a food market when in a foreign city, and 72% said they liked to visit a supermarket.
- When on a city visit, 85% of respondents said they like to **'live like a local'** and discover cool activities that local youth do.
- Over 80% of young Asian travellers **want to discover local traditions, shop in small stores, visit a local food market or attend an event** when visiting a foreign city for the first time.

Source: *Pacific Asia Travel Association, Stepping out of the crowd: Where the next generation of Asian travellers is heading and how to win a place on their travel itinerary (2015)*

[40] Deloitte Access Economics, *Tourism and Hotel Market Outlook*, February 2016
[41] 'Other Asia' includes: Japan, Hong Kong, Singapore, Malaysia, Indonesia, Taiwan, Thailand, Korea, India and Other Asia

Figure 8.9: *Phillip Island Seasonality Patterns Against 3yr Average Other Asia Trends for Regional Victoria*



Growth Opportunity for Phillip Island and San Remo

For the emerging markets of Indonesia and South East Asia, the key focus needs to be on trade and media engagement for first time visitors looking for packages from Melbourne. In the mature markets, including India, Singapore and Malaysia, the focus is on journeys/touring routes and hence, Phillip Island, needs to be promoted as part of the Go Beyond Melbourne Touring Route as a wildlife and nature destination.

In the core markets of India, Singapore and Malaysia the primary market is young singles aged 25-39 as well as families with children under 12. This market is largely FIT, with a small percentage of group travel. The destination has strong self-drive potential from core markets such as Singapore, Malaysia and India.

For all travellers, the Penguin Parade is the most popular attraction. For those travelling as FITs, the other experiences such as A Maze'N Things, Panny's Amazing World of Chocolates, Antarctic Journey and the Koala Conservation Centre are also popular; however for those travelling on half-day coach tours these attractions aren't usually included.

The opportunity for growth and to extend the visit to an overnight is offering the Eco Boat Adventure Tours and Wildlife Coast Cruises which can set Phillip Island apart and offer a mid-morning and mid-afternoon product. Opportunities exist to better package the natural products together including the Maru Koala Park (Grantville) and the Helicopter Tours. More authentic working farm experiences are needed, as well as reinvestment in the current product.

Food is also critical, with more quality restaurants needed, including waterfront seafood dining (including lunch) and fresh seafood – a great opportunity for San Remo.

Conservation is one of Phillip Island's unique selling points in this market. The potential exists to reach out to the education segment and increasingly affluent travellers who are after unique adventure/nature-based or eco-tourism holidays.

It is estimated that 40% of this market's travel will be off-peak, marking a significant contribution to the 'year-round' travel aspiration.

UK and Europe

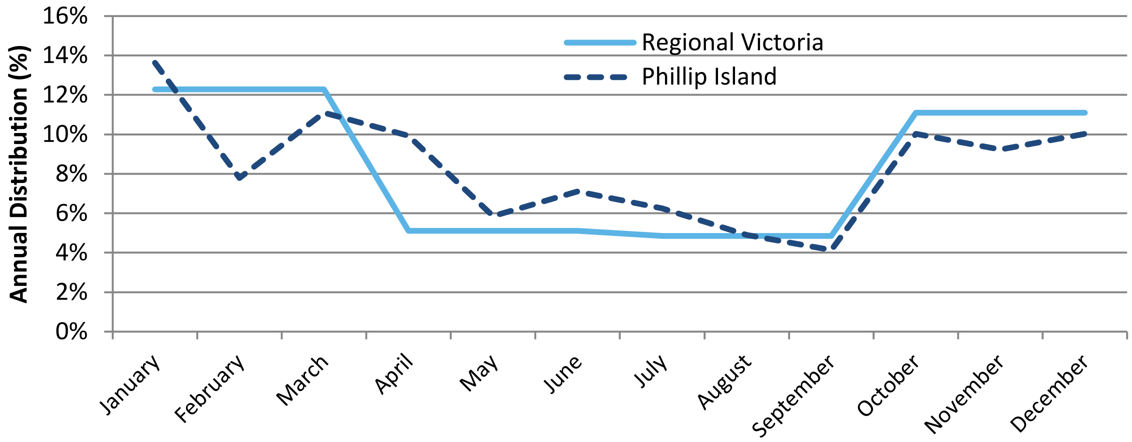
Europe Market Trends

Globally, the UK is the **fourth largest spender on international tourism**[42], while in Australia, it is the third largest visitor market and second largest in total visitor spend ($3.4 billion).[43] For the broader European region, **Germany, France and Italy** make up Australia's key European markets.

Phillip Island is the second most visited destination in regional Victoria by Europe and UK visitors (21%) behind the Great Ocean Road (49%).[44] This group is attracted to the region's coastline, natural wilderness and wildlife, with 'world-class beauty and nature' the main motivators for travel.[38]

With UK and Europe's peak travel period from December to March, there is opportunity for Phillip Island to better leverage its natural assets, particularly during the February season low (Figure 8.10). As such, this market is expected to contribute at least 15% of its additional expenditure off-peak.

Figure 8.10: *Phillip Island Seasonality Patterns Against 3yr Average UK and Europe Trends for Regional Victoria*



Growth Opportunity for Phillip Island and San Remo

The historically strong markets of UK and Europe have highlighted a desire for more genuine natural experiences with less people, like the Ultimate Penguin Parade. International partners and trade have highlighted an increase in negative feedback from visitors who have experienced too many people, and thus have not experienced a real natural encounter.

In addition to this, developments which encourage large visitor numbers simultaneously do generally appeal to this market (such as the new Penguins Plus). Attractions such as the Grand Prix Circuit, A Maze'N Things, and Panny's Amazing World of Chocolates do not immediately fit into the image of a natural experience, which overall resinates the most with the Continental European market.

The opportunity exists to grow the European market through an international markets mentoring program to increase engagement with international trade and media (including social media), in partnership with Destination Gippsland and Visit Victoria. By mentoring local businesses to become more active in the international market through specialised marketing aimed at particular markets, markets such as Europe could become more active. Also, through the mentoring program, Phillip Island and San Remo tourism businesses could be encouraged to access the Export Market Development Grant (EMDG) and increase support for the Go Beyond Melbourne Touring Route to access new international markets.

[42] UNWTO, *Tourism Highlights*, 2015 Edition
[43] Tourism Australia, *United Kingdom Market Profile*, 2015
[44] Visit Victoria, *Europe Market Brief*, 2014

Appendix 9

Current Destination Positioning

Destination Vision

The current destination vision for Phillip Island is:

Phillip Island is a pre-eminent world-class visitor destination, recognised not only for its nature based attractions, but as a unique island offering a diverse range of experiences, and one where the tourism industry and the community are working together for their mutual benefit.[45]

Destination Brand[46]

Phillip Island's brand marketing has been developed and adopted by Visit Victoria in partnership with the Destination Phillip Island Regional Tourism Board. The key essence and attributes that underpin it are:

Essence: Naturally playful

Attributes: A traditional island playground for Melbournians with a mix of fun interactive attractions and natural experiences.

Themes:

Soak Up the Salty Sea Air
(Diverse beaches and coast)

Fun for Everyone
(Family attractions)

Naturally Amazing
(Wildlife in its natural environment)

Need for Speed
(Home of motorcycle events)

[45] Destination Phillip Island Regional Tourism Board, *Phillip Island Strategic Tourism Plan 2014-2017*, 2014
[46] Visit Victoria, *Phillip Island Brand Book*, 2012

Appendix 10

Destination Analysis

Through the process of community and industry consultation, the question of what you love about the region and what you see that needs to change was asked. The SWOT analysis below provides a summary of the responses grouped under key themes, for use as an indicator of the sorts of feedback received about the destination. The aim of the SWOT is not to provide a comprehensive assessment of the issues and opportunities, but rather to reflect the most commonly raised issues and concerns through the consultation process which included over 350 participants.

Strengths	Weaknesses
• World renowned wildlife attraction (penguins) • Spectacular natural environment • Scenic rural landscape • World-class events (motor racing) • National Surfing Reserve • Part of a UNESCO Biosphere • Growing short-break market (Melbourne) • Strong growth from international markets • Community support for sustainable tourism • Village-like atmosphere in local precincts • Rich heritage (Aboriginal, pioneer)	• Seasonal visitation patterns • Labour skills and availability shortages • Limited opening hours during off-peak season • Declining overnight visitation and a high level of day trip visitation • Lack of public transport / community linkages • Lack of events throughout the year that bring visitors from outside the region • Knowing the limits of acceptable change for the community and ecosystem • Limited broadband / internet connectivity in public areas • No sense of arrival • Limited accommodation diversity • Limited availability for tourism development in rural zones
Opportunities	**Threats**
• Attracting investment in eco-accommodation • Diversification of tourism experiences (gourmet, art, adventure) • Leveraging investments to grow the conference market • Year-round events calendar (event acquisition and development) • Precinct development and sense of arrival • New markets (spa and wellness, arts and culture, farm and food tourism) • Connecting the precincts (walking trails, riding trails, sense of arrival) • Examination of the need for and potential of a car ferry linking Mornington Peninsula and Phillip Island • Events, conference and exhibition facilities and PIGPC	• Natural environment / ecosystems at risk of fragmentation from population growth • Economic uncertainty • Growing day-trip market / declining overnight visitation • Tourism reliant economy (2nd most reliant in Australia) • Loss of community support for tourism • Loss of industry cohesion • Lack of ecosystem linkages and buffer zones • The development of a container port at Hastings could have a detrimental impact on marine life and increase coastal erosion on the North Shore • Traffic congestion at peak times

Appendix 11

Supporting Information for Game Changer Projects

Game Changer Project 1: *Be recognised as a leading destination under the Global Sustainable Tourism Criteria (GSTC)*

Current Benchmarking of Phillip Island and San Remo against the GSTC Criteria

Global Sustainable Tourism Criteria for Destinations	Satisfaction of Criteria	Performance Indicators
SECTION A: DEMONSTRATE SUSTAINABLE DESTINATION MANAGEMENT		
A1 Sustainable destination strategy		Destination Strategy developed and Implementation Committee appointed
A2 Destination management organization		Established Destination Authority with all relevant stakeholders involved Signed Sustainability Accord
A3 Monitoring		Appointed Sustainability Manager Annual Reviews of performance targets Performance accountability to Council and Reference Group
A4 Tourism seasonality management		Shift seasonality: May – August (5% - 8%) August – September (4%-6%) December –January (10- 12%)
A5 Climate change adaptation		Climate Change Overlays in Planning Scheme
A6 Inventory of tourism assets and attractions		Maintain a list of assets and attractions with key indicators benchmarked Holiday House database maintained and marketing contributions received from 60%
A7 Planning Regulations		Integrated approach to land management including a Localised Planning Statement
A8 Access for all		Register of site accessibility Online access to information
A9 Property acquisitions		Identification and acquisition of sites for conservation
A10 Visitor satisfaction		Implementation of TOMM Model Satisfaction above 85%
A11 Sustainability standards		Established Sustainability Policy taking into account international, national, and local agreements and policies relating to sustainability
A12 Safety and security		Maintain crime rates below State average
A13 Crisis and emergency management		Each operator and tourism organisation has a Risk management and recovery policy
A14 Promotion		Above State average contribution to marketing per visitor
SECTION B: MAXIMISE ECONOMIC BENEFITS TO THE HOST COMMUNITY AND MINIMISE NEGATIVE IMPACTS		
B1 Economic monitoring		Track average spend, stay and off-peak numbers
B2 Local career opportunities		Preference to employ local people
B3 Public participation		Transparency, Publicly available documentation, Community inclusion and satisfaction via TOMM
B4 Local community opinion		Media presence (#), Stakeholder engagement
B5 Local access		Visitor management plan and infrastructure investment to

		support public access
B6 Tourism awareness and education		Ongoing media campaigns (#), Transparency, Community engagement
B7 Preventing exploitation		Number of breaches of Workplace Health and Safety Regulations and Equal Opportunity Employment Laws below the State average
B8 Support for community		Engagement and education for the local community
B9 Supporting local entrepreneurs and fair trade		Local tourism business support program ($), Local procurement policy ($), Preference for locally sourced products and services, Source fair trade services where available (#)
SECTION C: MAXIMISE BENEFITS TO COMMUNITIES, VISITORS, AND CULTURE; MINIMISE NEGATIVE IMPACTS		
C1 Attraction protection		Commitment to conserve, value, restore and enhance natural and cultural built heritage sites, artefacts, and cultural expression, Budget allocated to protecting attractions ($)
C2 Visitor management		Manage the impact of tourism visitation, Monitor visitors (#)
C3 Visitor behaviour		Maintain a complaints register, Monitor the occurrence of issues (#)
C4 Cultural heritage protection		Identification, documentation, and management of Phillip Island's cultural heritage Support the management of sites without impacting upon site integrity
C5 Site interpretation		Site interpretation for visitors (#), Develop guidelines to raise visitor awareness of the sites
C6 Intellectual property		Businesses have their unique ideas protected through the planning approvals process
SECTION D: MAXIMIZE BENEFITS TO THE ENVIRONMENT AND MINIMIZE NEGATIVE IMPACTS		
D1 Environmental risks		Target invasive species including cats, rabbits, foxes and weeds
D2 Protection of sensitive environments		Increase native vegetation cover from 7% to 30% Increase land managed for conservation by 5%
D3 Wildlife protection		Penguin population above 20% of the Victorian population Hooded Plover population above 4,000 Shearwater Population 8% of the world's population Koala population above 50 in the wild
D4 Greenhouse gas emissions		Measure and benchmark GHG emissions below 8.2t Co2e / person year
D5 Energy conservation		Energy efficiency policy to reduce energy consumption per person to below 250 GJ / person year
D6 Water Management		Waste management and recycling policy to reduce waste to landfill
D7 Water security		Water efficiency program to reduce water consumption to 320 kL / person year
D8 Water quality		Management of freshwater resources in accordance with the Western Port Biosphere
D9 Wastewater		Waste water management policy
D10 Solid waste reduction		Solid waste management policy to reduce solid waste to landfill to 1.67m3 / person year
D11 Light, noise and air pollution		Noise control policy, light pollution policy
D12 Low-impact transportation		Increase use of public transport and trails while on the Island to 20% (currently 7%)

Game Changer Project Actions		Responsibility (bold to lead)	Timing
A1	Undertake a **review of the implications** of the Phillip Island and San Remo Visitor Economy Strategy 2035 on: • The Bass Coast Planning Scheme; • Future editions of the Economic Development Strategy; and • Future editions of the Natural Environment Strategy.	**BCSC**	Immediate
A2	Building on existing partnerships arrangements, develop a new **three year MOU and yearly action plans** that align to the GSTC.	**BCSC,** DPI, Nature Parks	Short Term
A2	Develop a **three year priority action plan** between the DELWP, Nature Parks, and key volunteer conservation organisations.	**DELWP,** Nature Parks	Short Term
A3	Establish a new position within BCSC of **Sustainable Destination Tourism Manager**, providing senior level responsibility for co-ordinating the delivery of the Phillip Island and San Remo Visitor Economy Strategy 2035 and Sustainability Accord objectives. The Manager will focus on the following tasks: • Develop and gain agreement on the Sustainability Accord; • Chair the Reference Group delivering the Sustainability Accord and the implementation of the Phillip Island and San Remo Visitor Economy Strategy 2035; • Develop and manage the implementation of the MOU with Nature Parks; • Manage the destination certification under the GSTC; and • Monitor progress against the key performance indicators in the GSTC.	**BCSC,** DPI	Short Term
A3	Develop and implement a **Tourism Optimisation Management Model (TOMM) survey** similar to that used on Kangaroo Island to monitor both community and visitor satisfaction with the destination.	**BCSC,** RDV, DPI	Short Term
A3	Adopt an **agreed method for measuring and reporting against the GSTC** using global benchmarks to set appropriate targets.	**BCSC**	Short Term
A3	Establish targets and **monitor performance against key social and environmental indicators** including: • Occupational health and safety breaches; • Crime statistics; • Energy, water and waste consumption/ production; • Greenhouse gas emissions; • Land managed for conservation; • Native vegetation cover; • Wildlife indicators (Little Penguins, Hooded Plovers, Koalas and Short-tailed Shearwaters); and Tourism trends including use of public transport, visitor expenditure, market share of ideal markets.	**BCSC,** DPI, Nature Parks	Short Term
A4	Establish **targets for GSTC criteria** and publish a **Sustainable Destination Aspiration.**	**BCSC**, Nature Parks, DPI	Short Term
A5	Monitor the effects of climate change on **wildlife indicator**	**Nature Parks**, BCSC,	Short Term

	species and identify issues through the annual monitoring program of the GSTC destination certification.	Volunteer Organisations	
A6	Create a **membership benefit for businesses** that adopt a **sustainability program**.	**DPI,** PISRTBP	Short Term
A6	Publish an **annual list of accredited operators**	**DPI**	Short Term
A7	**Amend the Planning Scheme** to reflect the findings of the **Phillip Island and San Remo Visitor Economy Strategy 2035** as required.	**BCSC**	Short term
A7	Establish a **Developer Contributions Program** with a list of agreed conservation projects including foreshore replanting, native vegetation plots, and land for conservation with recommended thresholds for contributions embedded within the Planning Scheme.	**BCSC**	Short Term
A7	Following the State Government endorsement **update the Bass Coast Planning Scheme** to include the **Land Subject to Inundation Mapping.**	**BCSC**	Immediate
A7	**Develop a Phillip Island and San Remo Localised Planning Statement for inclusion in the Planning Scheme.**	**BCSC**	Short Term
A8	Provide assistance to operators seeking to **enter the State and National Awards Program** in the sustainable tourism category.	**DPI**, BCSC	Long Term
A8	Continue to roll-out **Wi-Fi** across the Island.	**BCSC**	Short Term
A9	**Commence a buy-back program** for areas of environmental significance once funding is secured.	**BCSC**, Nature Parks	Long Term
A10	Undertake ongoing monitoring of visitor satisfaction through **Tourism Optimal Management Model (TOMM).**	**BCSC**, DPI	Medium Term
A11	Work with **national accreditation providers** to offer the best available package of pricing, training and education to encourage local operators to adopt sustainability principles.	**DPI**, BCSC	Immediate
A11	Incentivise planning **approvals for ecotourism accommodation** that exceed the building code and demonstrate leading practice in sustainable design.	**BCSC**	Long Term
A11	Identify actions and implement campaigns on areas identified where the destination is **operating below the benchmark.**	**BCSC**, DPI, Nature Parks	Medium Term
A12	Establish a benchmark on crime statistics, safety standards and health hazards in preparation for the **first application for GSTC destination status in 2017** (the International Year of Sustainable Tourism).	**BCSC**	Short Term
A13	Undertake workshops for operators **on crisis and emergency management.**	**DEDJTR**, DPI	Short term
A13	Investigate the benefits of a **Council-wide crisis response program or App.**	**BCSC**	Short Term
A13	Monitor the success of **visitor crisis management tools** being trialled in New Zealand for potential application in Victoria.	**DEDJTR**, RDV	Short Term
B2	Actively **seek employment opportunities for the** Boon Wurrung **community** through local and State government agencies which undertake functions on Phillip Island and San Remo.	**RDV**	Short Term
B4	Continue to **support the Western Port Biosphere Reserve** in its role of education, monitoring and ensuring the Western Port Marine Biosphere is protected from impacts	**WPBR,** BCSC, Nature Parks	Short Term

	that may detrimentally affect tourism on Phillip Island and San Remo.		
B4	Continue to **demonstrate the value of tourism** economically, socially and environmentally to the community of the Bass Coast Shire and to the State.	**BCSC**	Short Term
B4	Publish an **annual report card** against the targets and the GSTC.	**BCSC**, Nature Parks, DPI	Medium Term
B5	Apply **targeted traffic management measures** by establishing roundabouts accompanied by appropriate wayfinding at the intersections of Back Beach Road (San Remo), Cape Woolamai intersection and Boys Home Road (Newhaven).	**VR**, BCSC	Medium Term
B5	Work closely with the State Government and partner agencies to ensure investment on **strategic road and public transport recognises and responds to strategic tourism priorities** as an ongoing priority.	**BCSC**	Medium Term
B6	Improve visitor satisfaction through **tourism industry development**, including better communication, training and joint promotion initiatives.	**DPI**	Short Term
B8	Deliver **hospitality workforce development programs** and educational/school programs to improve the overall quality of service, emphasising the importance of service excellence and quality of experience to customers.	**DOE**, DPI, BCSC, RTOs	Medium Term
B8	Partnership with **Nature Parks** to provide information about **Boon Wurrung heritage** which can be conveyed to local residents and visitors, including a greater presence on Nature Park's website.	**BWF,** Nature Parks	Medium Term
B9	Encourage Phillip Island restaurants to **link with South Gippsland producers** to showcase local product (food and wine).	**DPI,** DG	Medium Term
B9	Prepare a **Planning Policy on 'pop-up' art and food spaces** and roadside vending to provide clarity to local entrepreneurs.	**BCSC, DEDJTR**	Short Term
B9	Develop a **mentoring program** with start-up enterprises to ensure that these businesses take a best-practice approach with appropriate marketing, messaging and experience that feed into the destination brand.	**DPI,** RDV, BCSC	Short Term
C1	Assess the **service needs of the forecast visitor volumes in 2035** including health, education and emergency services.	**BCSC**	Long Term
C2	**Monitor visitor numbers, nights, average length of stay and average expenditure** via the NVS and IVS to ensure the region is gaining in all indicators against Regional Victoria.	**DPI**	Immediate
C2	Assess the **service needs of the forecast visitor volumes** in 2035 including health, education and emergency services.	**BCSC**	Long Term
C2	Develop an **agreed program of support** between BCSC and the Victorian Government for **implementation of catalyst projects** identified in the Phillip Island and San Remo Visitor Economy Strategy 2035.	**BCSC**, VG	Short Term
C3	Maintain and increase **Information Centre and Visitor Centre partnerships** across the region.	**BCSC**	Medium Term
C3	Continue the provision of **accredited Visitor Information Centre and Visitor Services** on Phillip Island.	**BCSC**	Ongoing

C4	Work with **farmers and the National Trust** to investigate the **feasibility of restoring key historical sites** such as the Chicory Kilns and develop a **range of food, wine and heritage trails**, linking the region's heritage sites.	**Phillip Island Farmers Collective**, National Trust	Medium Term
C4	Support the development of **packages for heritage and cultural attractions** across the region to raise awareness of the experiences available.	**DPI**	Medium Term
D1	Undertake an **initial benchmarking exercise** against international criteria that align to the GSTC to understand the destinations comparative: • Greenhouse gas emissions; • Energy consumption; • Water management and security; • Water quality and wastewater production; • Solid waste production; and • Light, noise and air pollution.	**BCSC**, Nature Parks, PICS	Short Term
D2	Undertake **regular monitoring of the environmental impacts of tourism** on sensitive sites such as Rhyll Wetlands and key beaches.	**Nature Parks**, BCSC, BCLN	Short Term
D2	**Expand the existing volunteer support** to maintain and continue to **nurture environmentally significant areas** through networking and support of volunteer organisations.	**BCSC, Nature Parks, Volunteer Organisations**	Short Term
D3	Undertake a **review of wildlife populations** impacting the environmental and rural land every five years (e.g. wallabies, possums, Cape Barren Geese).	**Nature Parks**, BCSC, Volunteer Organisations	Short Term
D3	Through the adaptation of **destination certification under the GSTC**, monitor and report on carrying capacity through indicator wildlife species and a dedicated visitor and community survey similar to the Tourism Optimisation Management Model (TOMM) used on Kangaroo Island.	**Nature Parks**, BCSC, BCLN	Short Term
D5	Support the sustainable growth of tourism by securing a **renewable energy solution** for Phillip Island and San Remo that will position the region as a world leader in greenhouse gas reduction.	**BCSC**, RDV	Medium Term
D12	Through the PIITS implementation group, agree on a set of **integrated transport priorities for the tourism sector** and lobby to mainstream transport agencies for funding support including a Phillip Island Road Masterplan, implementation of a Pathways Strategy and a common approach to caravan and camping management.	**PIITS Implementation Group**	Short Term

Game Changer Project 2: *Investment in Promotion*

Case Study: Holiday House Regulations

Hobart, TAS

Under Hobart City Council regulations, homeowners must apply for planning approval before leasing a room in their property. With the growing popularity of AirBnB and online rental agencies, holiday house letting had grown significantly in volume in recent years, requiring enforcement action to be taken in a number of instances. In March 2016, under the State's new planning scheme, the Tasmanian Government announced a proposal that houses can be rented out for up to six weeks (42 days) a year without a planning permit being necessary. The intent of the regulatory change would be to ease the shortage of accommodation in some parts of the State during peak times while protecting the interests of existing hotels and bed and breakfast.

Game Changer Project Actions	Responsibility (bold to lead)	Timing
Undertake a training program to increase the number of **products listed on ATDW.**	**DPI**	Ongoing
Monitor campaign performance in partnership with Visit Victoria.	**DPI**, VV	Immediate
Maintain a **list of holiday houses** for annual compliance notices under the Holiday House Management Arrangements.	**BCSC,** DPI	Immediate
Make sure businesses are China-ready in terms of customer service, cultural awareness, signs and communications, food and retail offerings, as well as specific product and itinerary development.	**DPI**, PITBA, SRDTBA	Medium Term
Create an **agreed tourism priority statement** with RTOs to reinforce the regional approach.	**BCSC**, DPI, DG	Short Term
Prioritise marketing techniques and utilise **channels which maximise returns** from a limited advertising budget.	**DPI**	Short Term
Leverage the significant additional market reach provided by regional and State partners through campaigns such as Wander Victoria and the Tourism Australia Coastal and Aquatic campaigns.	**DPI**	Short Term
Put further emphasis on the **region's strength as a surf destination** for its reliability of surf waves and suitability for beginners.	**DPI**	Short Term
Prepare **annual marketing and development plans** which are led by DPI and included in the PISRTBP.	**DPI/PISRTBP**, BCSC	Short Term
Prepare **annual activity plans** including marketing as agreed between DPI and VV, keeping TA updated regularly on key experiences and product.	**DPI**, VV, TA	Short Term
Maintain a list of **domestic and international ready tourism products** to showcase.	**DPI**, VV	Medium Term
Create a **holiday house owners code of conduct** for properties that offer short-term accommodation.	**BCSC**, DPI	Medium Term
Set **seasonality targets** for the destination, then monitor and **report on the seasonality of travel** to industry and key stakeholders.	**BCSC,** DPI	Medium Term
Develop and **adopt a caravan and camping options strategy** (similar to that adopted in Queensland) across the Bass Coast Shire to encourage the RV market, without impacting on commercial caravan parks.	**BCSC**	Medium Term
Promote the region as a preferred cruise destination by promoting the delivery of **quality tourism product** servicing the cruise market; and **providing industry support** to extent and adapt existing products and services to cruise ship visitors.	**DPI**, BCSC, PISRTBP	Medium Term
Create a **strong collaborative culture and a dynamic partnership approach** to developing tourism and capitalising on emerging opportunities through	**BCSC**, DPI	Medium Term

regular 'innovations' forums.		
Work with **industry associations and education providers** to **attract visitors from Asia for study tours and education**. This can be enhanced by the development of a **Student Ambassador Program** encouraging students to become tourism ambassadors for the region.	**NC**, BCSC	Medium Term
Create an area within the proposed **Ambassadors Program** that locals, students and volunteers can **engage with the Phillip Island and San Remo story.**	**DPI,** PITBA, SRDTBA, Nature Parks	Short Term
Engage the **local clubs and community groups** to become **ambassadors** for the region.	**BCSC,** Community Organisations	Short Term
Build the **global recognition of the unique aspects** of the region through a more active promotion of the conservation stories on the Island, the cultural heritage and the dramatic landscape.	**DPI**, VV	Medium Term
Monitor **brand health and destination satisfaction** through monitoring social media and online review sites aggregate ratings.	**DPI**, VV	Medium Term
Document and present the Island's surf history in a format that appeals to visitors, and provide interpretive material on the history and the creation of surf reserves at one or two locations around the Island.	**BCSC**, PIBRA	Medium Term
BCSC, DPI and Nature Parks work as partners to support the **authenticity of the experience,** and create opportunities for media profile that builds awareness of the experience.	**Nature Parks,** DPI, BCSC	Immediate
Develop and implement an **off-peak marketing program targeting domestic markets** with a higher propensity to travel off-peak including conferences, events and winter escapes.	**DPI,** PISRTBP	Medium Term
Ensure industry has an **understanding of market segments and niche markets** identified in the Strategy and the implications of the differing needs and wants through the formation of marketing clusters.	**DPI**	Short Term

Game Changer Project 3: *South Coast Eco Lodge*

Major Infrastructure Projects – Guiding Principles

The future growth and development of the Bass Coast Shire, in particular Phillip Island and San Remo, will create a demand for major infrastructure investments in or near the Shire. The 2035 Visitor Economy Strategy recommends a balanced sustainable approach must be found to provide positive community outcomes and environmental conservation of the natural assets. Any proposed project should provide a net gain benefit to the environmental, social and economic prosperity of Bass Coast Shire adhering to the following principles.

Infrastructure Development Principles

- No capital dredging, widening or deepening of channels in Westernport Bay.
- No net loss for the economy, environment and amenity.
- A comprehensive, evidence-based assessment approach to any new infrastructure, including consideration of the current infrastructure capacity, and via a State and national approach.
- Proposals to be supported by independently verified, scientific research to ensure that the environmental, social and economic impacts are known, understood and shared with the community. Specifically independent research must be undertaken on the impact on:
  - Coastline including increased erosion and inundation;
  - Tourism and the impact on visitation;
  - Fishing and the impact on the recreational fishing industry;
  - Marine life impact including penguins and whales that enter Western Port;
  - Economic development including impact on aquifers that service food production areas; and
  - Recreational user access to the environment.

Economic Impact Assessment

The following assessment examines the impact of a potential Eco Lodge facility with 50 rooms and located in the South Coast area. This development was modelled, with economic impacts measured in terms of the jobs generated in the region associated with the Eco Lodge development and the increase in regional income over the period.[47] An assessment was made of the construction impacts and the impacts when the facilities are in operation. Please note that there may be slight variances between individual calculations and total tallies due to rounding.

The Project

The Eco Lodge would be a high end facility. It would attract a mix of twin room use and single use. It would have a number of other facilities including a day-spa, restaurant and café/bar.

Table 11.1: *Eco-Lodge Specifications*

Eco lodge	Assumptions
Capital Cost	$20-$25 million
Accommodation	
Rooms	50
Room Rates	Ave = $400 per night
Room Use	50% = twin share; 50% single

[47] The modelling is based on assumptions about the type of property; room numbers and room rates; and expenditure by guests in the Eco Lodge (F&B) and outside of the Eco Lodge (food, retail spending etc.)

Annual occupancy rate (assumptions)	Base = 65% ; Low = 55%; High =80%
Other Facilities	
Facilities	Bar/Café
	Restaurant
	Day Spa
Other Spending	
Spending outside hotel	$100 per person/per day

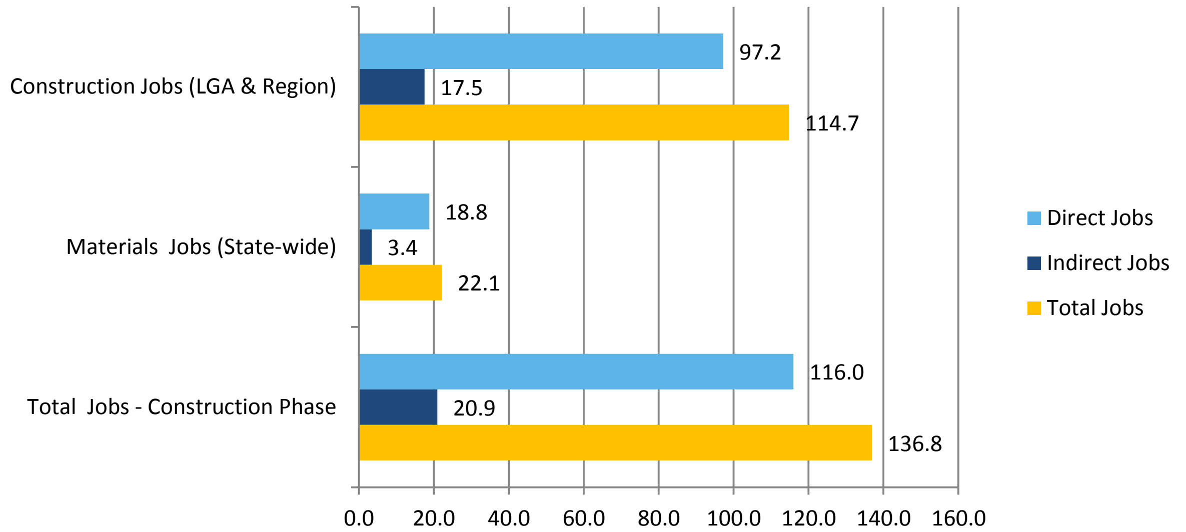
Construction Phase

Economic Impacts

For the construction phase we have assumed a construction cost of $25 million for the 50 room Eco Lodge and an 18 month construction period. The following shows the jobs impact of the project.

Over the 18 month construction period, the project would generate a total of 97 direct construction jobs on site and in the region. It is likely that these jobs would involve construction workers from Bass Coast Shire and from the broader South East Area of Melbourne. A further 17 jobs would be generated from the consumer spending of construction workers. The supply of materials to the project would generate an additional 22.2 jobs (18.8 direct and 3.4 indirect/induced) across the State. Total employment impacts are estimated at 136.8 jobs (116 direct and 20.9 indirect/induced).

Figure 11.1: *Eco-Lodge – Project Construction Jobs (Total FTE)*



Operations Phase

Revenues/Spending

The following table shows estimates of guest numbers. The three cases are based on different assumptions in relation to occupancy rates.

For example Case 1 Base Case is assumes an occupancy rate of 65%.

- Guest numbers total 17,794 with a total demand of 11,863 room nights.
- Room revenue would be $4.745 million based on an average room rate of $400 per night.
- Estimated F&B spending is $3.558 million based on average spend of $200 per guest.
- Expenditure by guests outside the hotel would be $1.779 million (based on an average spend of $100 per day per person).

Table 11.2: *Eco Lodge Operations: Guests - Comparison of Cases (Annual -Full Year Operations)*

Eco Lodge Hotel - Guests – Full Year Operations	Case 1 Base Case <Annual>	Case 2 Low <Annual>	Case 3 High <Annual>
General Guests			
Occupancy Rate (assumption)	0.65	0.55	0.80
Total Visitors/guests (no.)	17,794	15,056	21,900
Room Nights (no.)	11,863	10,038	14,600
Room Revenues (Gross $) - avg. $400 room rate	$4,745,000	$4,015,000	$5,840,000
F&B (Gross $) - avg. $200 per guest	$3,558,750	$3,011,250	$4,380,000
Expenditure Outside of Hotel by Guests ($) – avg. $100 per person/day	$1,779,375	$1,505,625	$2,190,000

Source: MCa Estimates. Note total available room nights (100% occupancy) = 36,500

Employment

The number of direct jobs in the hotel was estimated and these cover front of house, F&B and Housekeeping. For the Base Case there were an estimated 31 jobs (full time and part time), which translate to an estimated 22.5 FTE. The difference between the cases involves adjustment of staff numbers to meet different levels of guests.

Table 11.3: *Total Direct FTE Jobs in Eco Lodge Operations*

Eco-Lodge	Hotel Jobs (FT & PT)	Hotel Jobs (FTE)
Case 1 – Base	31	22.5
Case 2 - Low	27	19.5
Case 3 - High	38	26.5

Source: MCa Estimates

Economic Impacts - Operations Phase

Economic impacts were assessed for the three scenarios (Cases 1-3).

Impacts are measured in terms of:

- **ongoing jobs** – direct jobs generated in the hotel and the indirect/induced jobs generated by the spending of these employees (multiplier impacts); and
- **increase in regional income** generated by the hotel operations.

Jobs are also generated in other parts of the local tourism sector through visitor spending outside of the hotel.

Regional Employment Impacts

The following table shows the overall regional employment impacts of the Eco Lodge operations for Phillip Island for each of the cases.

For Case 1 (Base Case) total jobs generated were 39.3 FTE, comprised of Eco Lodge direct employees (22.5 FTE); jobs associated with spending by guests outside the hotel (10.8 FTE); and the multiplier impacts of the spending of employees (6 FTE).

Table 11.4: *Economic Impacts of Eco Lodge Operations – Additional FTE Jobs on Phillip Island*

Full Year Operations	Eco lodge Operations (Jobs FTE)	Generated by Regional Spending by Hotel Guests (Jobs FTE)	Total (Jobs FTE)
Case 1 Base Case			
Direct Jobs	22.5	10.8	33.3
Indirect Jobs (multiplier impacts)	4.3	1.6	6.0
Total Jobs	**26.8**	**12.5**	**39.3**
Case 2 - Low			
Direct Jobs	19.5	9.2	28.7
Indirect/induced Jobs (multiplier impacts)	4.0	1.4	5.4
Total Jobs	**23.5**	**10.6**	**34.0**
Case 3 - High			
Direct Jobs	26.5	13.3	39.8
Indirect/induced Jobs (multiplier impacts)	4.8	2.0	6.8
Total Jobs	**31.3**	**15.3**	**46.7**

Source: MCa Modelling & Analysis

Figure 11.2: *Eco Lodge Employment Impacts (FTE Jobs)*

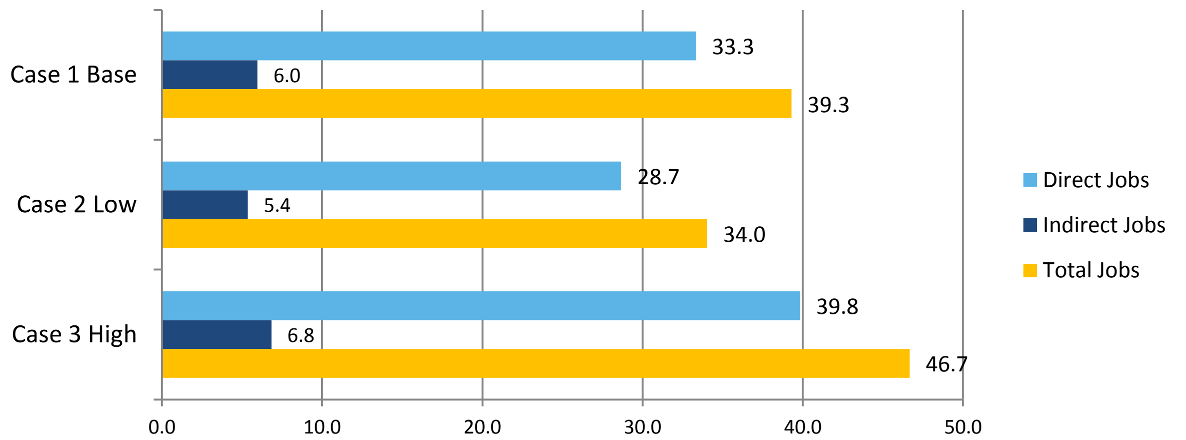
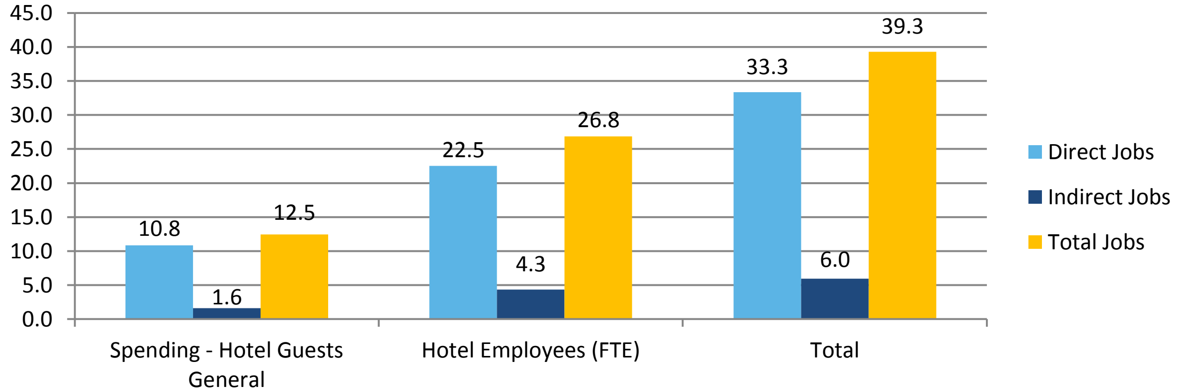


Figure 11.3: *Employment Impact Base Case 1 - Jobs (FTE) Generated by Eco Lodge Operations*



Source: MCa Modelling & Analysis

Regional Income Impacts[48]

The impacts of the hotel development were also measured in terms of the increase in regional income that is generated from the Eco Lodge operations.

- On the Case 1 (Base Case) analysis, the operations of the Eco Lodge and the increase in visitor numbers and spending in the region would boost regional income in the Phillip Island and San Remo region by $2.356 million annually, when direct and indirect/induced impacts are taken into account.
- For Case 2 (Low) regional income would increase by $2.119 million and by $2.777 million for Case 3 (High).

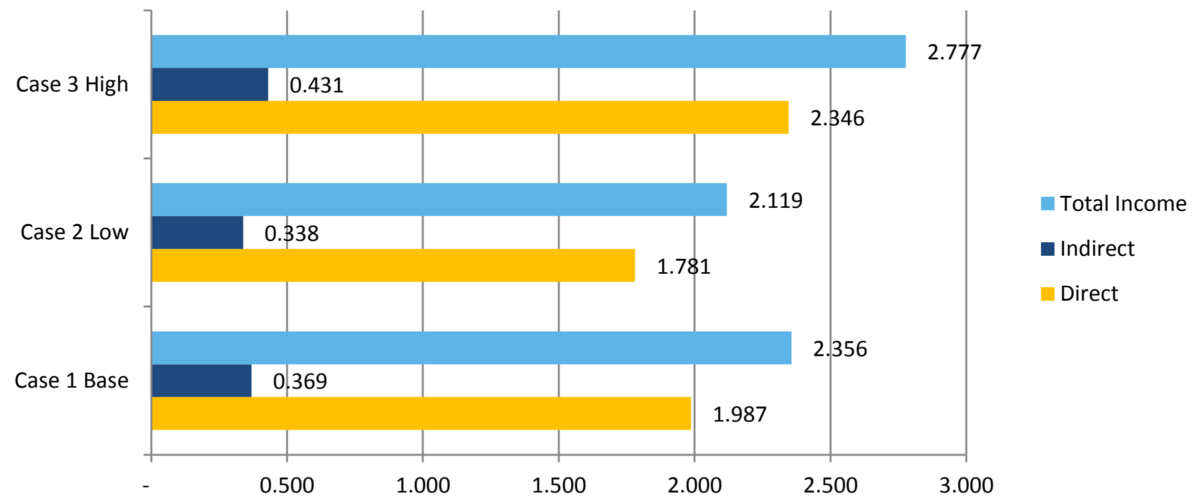
The following table shows the components of this increase in regional income for each of the Cases.

Table 11.5: *Economic Impacts of Eco Lodge Operations – Increase in Regional Income Annual ($million)*

Full Year Operations	Hotel Operations ($ million)	Regional Spending by Hotel Guests (General) ($ million)	Total ($ million)
Case 1 Base Case			
Direct	1.363	0.625	1.987
Indirect/induced	0.269	0.101	0.369
Total Regional Income ($m)	1.631	0.725	2.356
Case 2 - Low			
Direct	1.253	0.528	1.781
Indirect/induced	0.251	0.087	0.338
Total Regional Income ($m)	1.504	0.615	2.119
Case 3 - High			
Direct	1.578	0.769	2.346
Indirect/induced	0.307	0.124	0.431
Total Regional Income ($m)	1.885	0.892	2.777

Source: MCa Modelling & Analysis

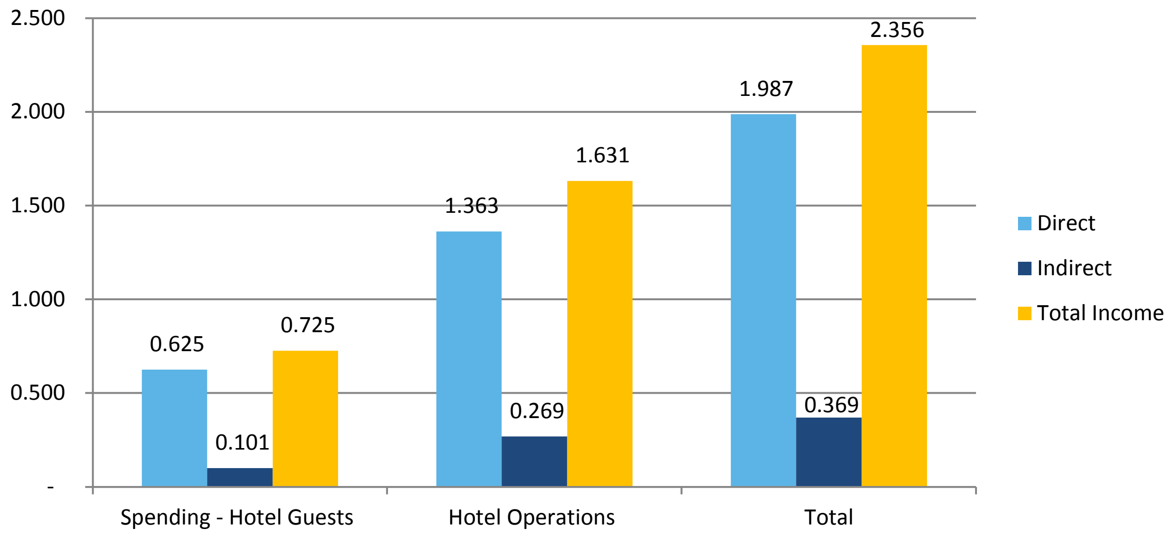
Figure 11.4: *Eco Lodge – Increase in Annual Regional Income ($ million)*



Source: MCa Modelling & Analysis

[48] Regional income is the total **net income generated from the activity** and covers wages and salaries and profits within the region. It includes income generated directly within the business and indirect income that is generated in other regional businesses (wages and profits) from the multiplier impacts of employee spending on the region. In the modelling of income generated, income tax and GST on spending, are both treated as leakages from the region.

Figure 11.5: *Increase in Regional Income Generated by Eco Lodge Operations – Case 1($ million)*



Source: MCa Modelling & Analysis

In conclusion, the development of the Eco Lodge will boost tourism activity on Phillip Island. It will service a market that is not being catered for now and will attract high yield visitors, which may include international visitors.

Supporting Case Study

CASE STUDY

Southern Ocean Lodge, Hanson Bay (Kangaroo Island, SA)

The Southern Ocean Lodge is designed to be a sanctuary of comfort, style and personal intimacy.

The Lodge aims to provide an iconic accommodation through offering a unique and exclusive travel experience whilst also being well positioned for guests to enjoy Kangaroo Island's major attractions. Contemporary environmental design, incredible views, locally sourced produce, guided island excursions and a modern wellness spa make the Southern Ocean Lodge the perfect destination all year round.

"If I ever have the chance to visit the Lodge again, I would probably choose winter and hope for wild weather. Then I would sit in my room and watch the drama unfold. I love wild places and this is an experience and a celebration of a wild place." -Don, NSW Australia

Source: *http://southernoceanlodge.com.au/*

Game Changer Project Actions	Responsibility (bold to lead)	Timing
Prepare an **Investment Prospectus** for the Island, listing this among other investment opportunities.	**BCSC,** Invest Victoria, DPI	Short Term

Game Changer Project 4: *Event Infrastructure*

Supporting Case Study

CASE STUDY

Eat Street Markets, Hamilton Wharf (Brisbane, QLD)

'Eat Street' is a wonderment of the senses. From aromatic international cuisines and vibrant textiles, to the enchanting sights and sounds of live performers, Hamilton Wharf plays host to Brisbane's newest and most interactive market experience, every Friday and Saturday evening (4-10pm). The markets feature some 80 containers peddling delicious street food, fresh produce, flowers, cocktails, art, quirky crafts, clothes and music and have become extremely popular amongst both visitors and locals.

Source: *http://www.eatstreetmarkets.com/*

Game Changer Project Actions	Responsibility (bold to lead)	Timing
Work with the **Phillip Island Golf Course** to plan for the future development of the golf course.	**BCSC**, PIGPC	Short Term
Upgrade the **Cowes Cultural Centre** as a flexible space and development of the Transit Centre with carpark and transit stop.	**BCSC**, RDV	Medium Term
Support the development of a **conference facility on Churchill Island.**	**BCSC**, DPI, Nature Parks	Long Term
Ensure that funding to deliver the **Cowes Activity Centre and Cultural Centre project** includes an allocation to appoint an expert in event attraction to curate the space with some mini-blockbuster touring shows.	**BCSC**	Medium Term
Support the **future expansion/development of all-weather attractions**	**DPI**	Medium Term

Game Changer Project 5: *High End Accommodation and Conference Centre in Cowes*

Economic Impact Assessment

The following assessment examines the impact of a potential high end accommodation facility with 200 rooms and a conference/functions centre located in the Cowes area. This development was modelled, with economic impacts measured in terms of the jobs generated in the region associated with the accommodation development and the increase in regional income over the period.[49] An assessment was made of the construction impacts and the impacts when the facilities are in operation. Please note that there may be slight variances between individual calculations and total tallies due to rounding.

The Project

This project involves a 200 room hotel complex that includes a conference/functions centre and with restaurant/cafés and bars.

Table 11.6: *High End Hotel – Specification*

High End Hotel	Assumptions
Capital Cost	$60 million
Accommodation	
Rooms	200
Room Rates	Ave = $220 per night
Room Use	Twin share short breaks and singles - conferences
Annual Occupancy Rate (assumptions)	Base = 65% ; Low = 55%; High =80%
Other Facilities	
Facilities	Conference Centre with capacity up to 500 persons
	Bar/Café
	Restaurant
Other Spending	
Spending Outside Hotel	$100 per person/per day

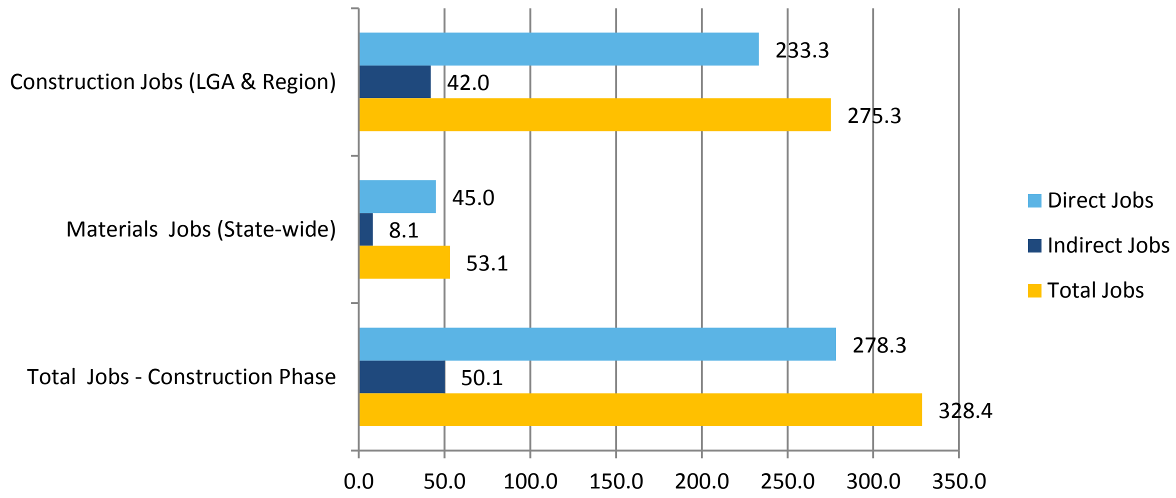
Construction Phase

For the construction phase we have assumed a construction cost of $60 million for the 200 room hotel and a two year construction period. The following shows the jobs impact of the project.

Over the two year construction period, a total of 233.3 construction jobs would be generated on site and in the region. It is likely that these jobs would involve construction workers from the Bass Coast Shire and the broader South East Area of Melbourne. A further 42 jobs would be generated from the consumer spending of construction workers. The supply of materials to the project would generate additional 53 jobs (45 direct and 8 indirect/induced) across Victoria.

[49] The modelling is based on assumptions about the type of property; room numbers and room rates; and expenditure by guests in the hotel (F&B) and outside of the hotel (food, retail spending etc.)

Figure 11.6: *Hotel Project – Construction Jobs (Total FTE)*



Source: MCa Modelling & Analysis

Operations Phase

Overview

The economic impacts of the hotel/conference centre are significant and will generate increased activity in the region through:

- Increased visitor numbers to Phillip Island and San Remo for conferences and for short break stays and provide a major boost in visitor expenditure (on accommodation and other services);
- Direct employment at the hotel/conference centre;
- Additional accommodation demand at other hotels/motels that will be required to service the very large conferences, weddings and events that use the hotel's conference/functions centre; and
- Daily expenditure by visitors outside of the hotel (e.g. at restaurants, cafes, retailers, services and attractions) during their stay.

The aggregate tourism expenditure impacts are substantial, with the hotel attracting additional visitors seeking high-end accommodation for short breaks and visitors attending conferences and functions and requiring overnight accommodation.

The economic impacts of the hotel operations are analysed below. Three cases were modelled for hotel operations and these are based on different assumptions in relation to the number and scale of events (and associated room requirements) and room occupancy rates for general guests.

Conference/Functions Centre Operations

The conference/functions centre is a major driver for the hotel in terms of hotel guests and visitors to Phillip Island and San Remo. Each of the cases examined is based on the total number of events outlined in the table below.

The event mix allows for high usage rates, as weddings/functions occur on weekends and conferences/meetings occur during the week. Larger events will have accommodation requirements beyond the hotel's capacity and will generate room demand in other hotels/motels in the area.

The three cases examined are designed to illustrate the sensitivity to different numbers of events and their scale.

Table 11.7: *Indicative Schedule of Events – Total Events by Size (Full Year Operations)*

Conference/Functions Centre Total Events	500	300	200	100	50	Total
Case 1 Base Case	0	3	22	39	46	110
Case 2 Low	0	2	11	42	35	90
Case 3 High	1	4	28	54	40	127

Source: MCa Estimates

The table below summarises the operations of the conference/functions centre for each of the three cases examined. For example in the Case 1 (Base Case), the conference/functions centre on an annual basis would:

- Increase the number of visitors to Phillip Island and San Remo by an estimated 11,500 persons;
- Generate an additional 9,908 room nights (6,661 in the hotel and 3,246 for other accommodation providers) for guests attending functions;
- Produce total room revenues of $1.984 million (at the hotel and for other providers); and
- Generate other spending in Phillip Island by these visitors of $1.106 million.

Table 11.8: *Conference Centre - Room Demand and Guest Spending–Comparison of Cases (Annual-Full Year Operations)*

Conference/Function Centre- Full Year Operations <Annual>	Case 1 Base Case <Annual>	Case 2 Low <Annual>	Case 3 High <Annual>
Increase in Visitors to Region (no.)	11,500	8750	14,700
Accommodation Demand Generated			
At Hotel (Room Nights) (no.)	6,661	5,355	7,888
In other Phillip Island/San Remo Accommodation (Room Nights) (no.)	3,246	1,904	5,111
Total Room Nights (no.)	**9,908**	**7,258**	**12,999**
Room Revenues Generated [11]			
At Hotel ($) - avg. $220 room rate[50]	$1,465,475	$1,177,990	$1,735,250
In other Phillip Island/San Remo Accommodation ($) - avg. $160 room rate	$519,400	$304,600	817,800
Total Room Revenue - All Accommodation ($)	**$1,984,875**	**$1,482,590**	**$2,553,050**
Other Visitor Spending			
Expenditure Outside of Hotel - All Function Attendees : avg. $100 per person/day ($)	**$1,106,000**	**$886,000**	**$1,578,000**

Source: MCa Estimates. Note the conversion from visitors to room nights is based on modelling of the type of events and associated room requirements. For example, most rooms for weddings will be twin share, while for most conferences and meetings they are likely to be single use.

Case 3 (High) illustrates the situation with large conferences and functions being secured. For this case the Conference/Functions Centre on an annual basis would:

- Increase the total number of visitors to Phillip Island and San Remo by 14,700 persons;
- Generate an additional 12,999 room nights (7,888 in the hotel and 5,111 for other accommodation providers);
- Produce total room revenues of $2.553 million (at the hotel and other providers) from event linked guests; and
- Generate other spending in Phillip Island and San Remo by these visitors of $1.5787 million.

[50] For conferences a hotel normally provides conference package deals with significantly lower room rates..

Hotel- Room Operations

The hotel operator will seek to maximise room occupancy through a combination of:

- the conference/weddings market;
- domestic short stay visitors;
- business visitors; and
- securing international visitors on regional tours (through linking with tour operators).

The following table shows estimates of general hotel guests (i.e. it excludes conference/wedding guest accommodation outlined in 3.3.2). The cases are based on different assumptions in relation to occupancy rates.

For example Case 1 (Base Case) assumes an occupancy rate of 65%.

- Visitor numbers total 65,700 (includes both couples and singles) and generate a total of demand of 43,800 room nights.
- Room revenue would be $10.439 million based on an average room rate of $220 per night.
- Expenditure by guests outside the hotel would be $7.117 million (based on an average spend of $100 per day per person).
- The combination of event-linked guests (6,661 room nights) and general guests (43,800 room nights) would generate a total of 50,461 room nights in the hotel (i.e. 74 % occupancy rate: 65% +9%).

Case 3 (High) is based on an occupancy rate of 80% for general guests, which when combined with the event related guest estimates, produces a combined occupancy rate of 91%. Case 2 (Low) has an assumed occupancy rate for general guests of 55%, which when combined with a lower level of events in the conference centre, produces an overall occupancy rate of 62%.

Table 11.9: *Hotel Operations: General Guests - Comparison of Cases (Annual -Full Year Operations)*

Hotel - General Guests – Full Year Operations	Case 1 Base Case <Annual>	Case 2 Low <Annual>	Case 3 High <Annual>
General Guests			
Occupancy Rate (assumption)	0.65	0.55	0.80
Total Visitors (no.)	65,700	60,225	87,600
Room Nights (no.)	43,800	40,150	58,400
Room Revenues (Gross $) - av. $220 room rate	$10,439,000	$8,833,000	$12,848,000
Expenditure Outside of Hotel - By Guests ($)	**$7,117,500**	**$6,022,500**	**$8,760,000**
Note : Function linked accommodation accounts for room nights	6,661	5,355	7,888
Share of total room nights (occupancy rate)	0.09	0.07	0.11
Combined occupancy rate (Event Linked Accommodation & General Guests)	0.74	0.62	0.91

Source: MCa Estimates. Note total available room nights (100% occupancy) = 36,500

Employment - Hotel

The number of direct jobs in the hotel was estimated.[51]

For Case 1 (Base Case), a total of 97.5 direct jobs (full time, part time and casual) – and this represents 63.5 FTE jobs.

With a hotel operation, employment levels can be changed to meet higher or lower levels of activity (room occupancy and number of functions) through the adjustment of part time and casual employees, particularly in Housekeeping and F&B. The following table shows the estimated jobs in the hotel under each of the Cases that were modelled.

Table 11.10: *Total Direct FTE Jobs in Hotel Operations*

	Hotel Jobs (FT & PT)	Jobs (FTE)
Case 1 – Base	**97.5**	**63.5**
Case 2 - Low	76.5	56.5
Case 3 - High	110	72.0

Source: MCa Estimates

Economic Impacts - Operations Phase

The overall economic impacts of the hotel/conference centre operations are significant and reflect the: direct employment at the hotel/conference centre; the increased visitor numbers to Phillip Island and San Remo for conferences and short stays and their spending on accommodation (at the hotel and at other accommodation providers in the case of some events - large conferences and large weddings); and spending on services outside of the hotel (eg. restaurants/cafes, retail, services and attractions).

Economic impacts were assessed for the three scenarios (Cases 1-3) based on assumptions in relation to events and their scale and average room occupancy rates.

Impacts are measured in terms of:

- **ongoing jobs** – direct jobs generated in the hotel complex (hotel and tenancy businesses) and the indirect/induced jobs generated by the spending of these employees (multiplier impacts); and
- the **increase in regional income** generated by this activity and employment.

Jobs are also generated in other parts of the local tourism sector through visitor spending outside of the hotel.

It is expected that with an experienced national/international hotel operator, the outcome after several years would approach the levels modelled in Case 3 (High).

Regional Employment Impacts

The following shows the overall regional employment impacts of the hotel/conference centre operations. The total jobs generated by the hotel operations range from: Case 2 (Low) – 113.8 jobs; Case 1 (Base Case) – 131.7 jobs; and Case 3 (High) – 155.3 jobs. The components of these jobs are outlined in the table below and include the jobs in the hotel complex and jobs generated by visitor spending (event related guests and general guests).

[51] Based on industry knowledge and information from the proposed tenancies.

For example, for Case 1 (Base Case) the total FTE jobs generated are made up of direct and indirect/induced jobs associated with:

- hotel operation (74.1 FTE);
- jobs associated with spending of conference/function centre guests (7.7 FTE); and
- jobs associated with the spending of general hotel guests (49.9 FTE).

In the latter two categories these jobs are spread across other tourism businesses on Phillip Island.

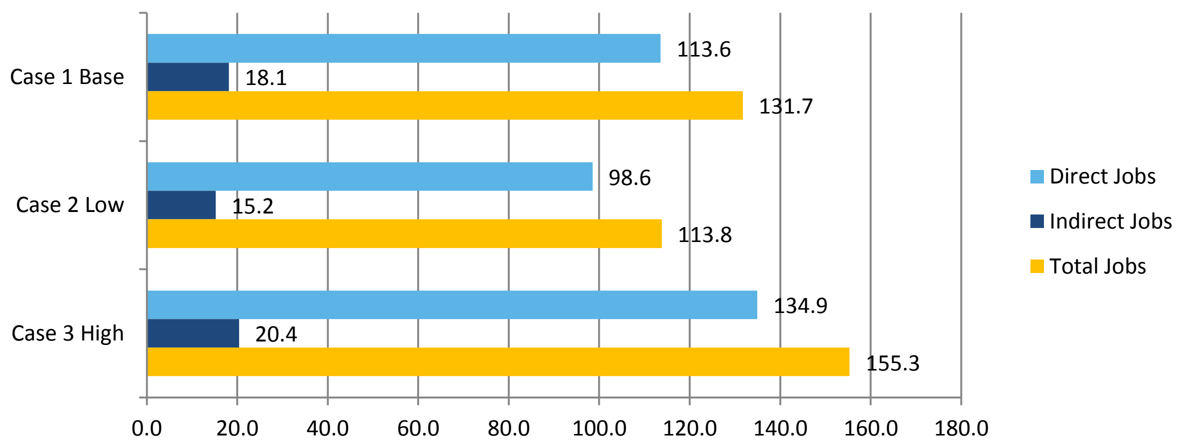
The following table on the over page shows the components of these increases in total jobs that are associated with the operations of the hotel.

Table 11.11: *Economic Impacts of Hotel Operations – Additional FTE Jobs in Phillip Island and San Remo*

Full Year Operations	Hotel Complex	Visitor Spending		
	Hotel Operations (Jobs FTE)	Regional Spending by All Conference/Function Centre Visitors (Jobs FTE)	Regional Spending by Hotel Guests (General) (Jobs FTE)	Total (Jobs FTE)
Case 1 Base Case				
Direct Jobs	63.5	6.7	43.3	113.6
Indirect/induced Jobs (multiplier impacts)	10.6	1.0	6.5	18.1
Total Jobs	**74.1**	**7.7**	**49.9**	**131.7**
Case 2 - Low				
Direct Jobs	56.5	5.4	36.7	98.6
Indirect/induced Jobs (multiplier impacts)	8.8	0.8	5.6	15.2
Total Jobs	**65.3**	**6.2**	**42.3**	**113.8**
Case 3 - High				
Direct Jobs	72.0	9.6	53.3	134.9
Indirect/induced Jobs (multiplier impacts)	10.9	1.4	8.0	20.4
Total Jobs	**82.9**	**11.1**	**61.4**	**155.3**

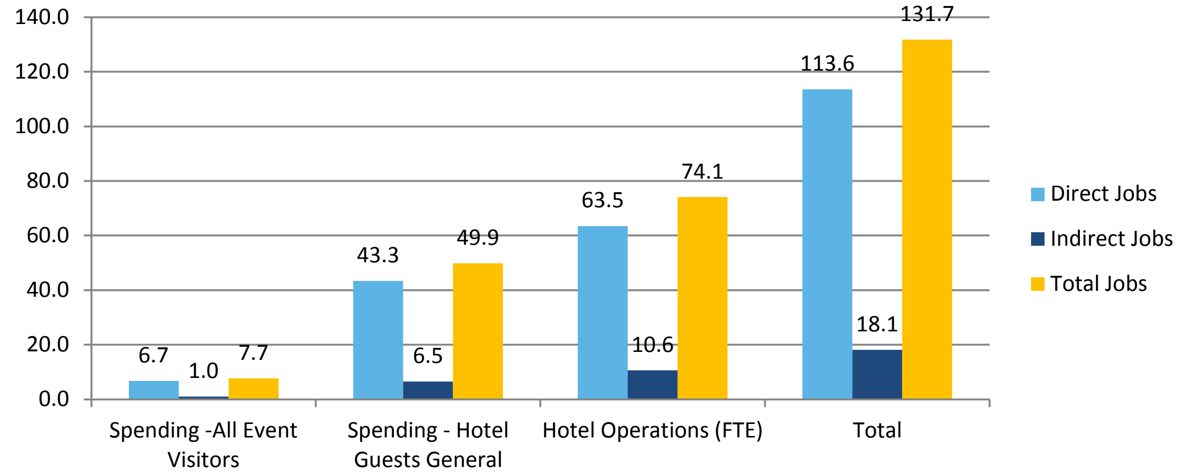
Source: MCa Modelling & Analysis

Figure 11.7 *Summary of Hotel/Conference Centre Jobs Impact (No.)*



Source: MCa Modelling & Analysis

Figure 11.8: *Summary of Hotel/Conference Centre Jobs Impact – Base Case*



Source: MCa Modelling & Analysis

Regional Income Impacts[52]

The impacts of the hotel development were also measured in terms of the increase in regional income that is generated from the operations (hotel, conference/functions centre and onsite businesses).

- On the Case 1 (Base Case) analysis, the operations of the new hotel, conference/functions centre and the increase in visitor numbers and spending in the region would increase regional income in the region by $7.344 million annually, when direct and indirect/induced impacts are taken into account.
- For Case 2 (Low) regional income would increase by $6.106 million and by $8.433 million for Case 3 (High).
- The following table shows the components of this increase in regional income.

Table 11.12: *Economic Impacts of Hotel Operations – Increase in Regional Income Annual ($million)*

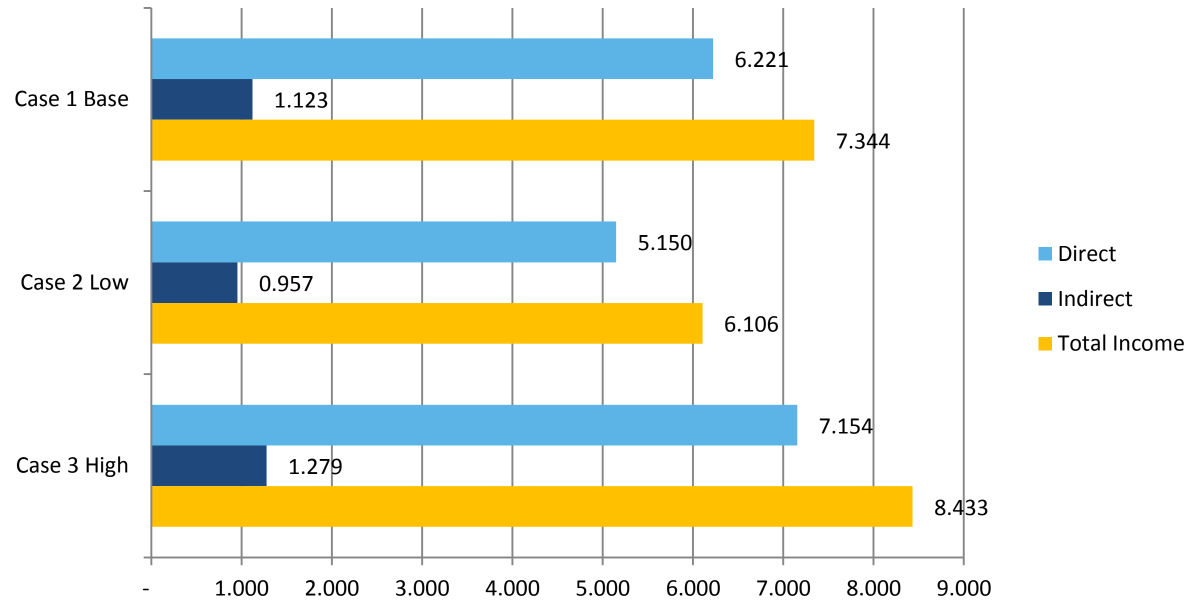
Full Year Operations	Hotel Complex Hotel Operations ($ million)	Visitor Spending Regional Spending by All Conference/ Function Centre Visitors ($ million)	Regional Spending by Hotel Guests (General) ($ million)	Total ($ million)
Case 1 Base Case				
Direct	3.335	0.388	2.498	6.221
Indirect/induced	0.658	0.063	0.402	1.123
Total Regional Income ($m)	**3.993**	**0.451**	**2.901**	**7.344**
Case 2 - Low				
Direct	2.725	0.311	2.114	5.150
Indirect/induced	0.557	0.052	0.348	0.957
Total Regional Income ($m)	**3.282**	**0.363**	**2.462**	**6.106**
Case 3 - High				
Direct	3.525	0.554	3.075	7.154

[52] Regional income is the total net income generated from the activity and covers wages and salaries and profits within the region. It includes income generated directly within the business and indirect income that is generated in other regional businesses (wages and profits) from the multiplier impacts of employee spending on the region. In the modelling of income generated, income tax and GST on spending, are both treated as leakages from the region.

Indirect/induced	0.695	0.089	0.495	1.279
Total Regional Income ($m)	**4.220**	**0.643**	**3.570**	**8.433**

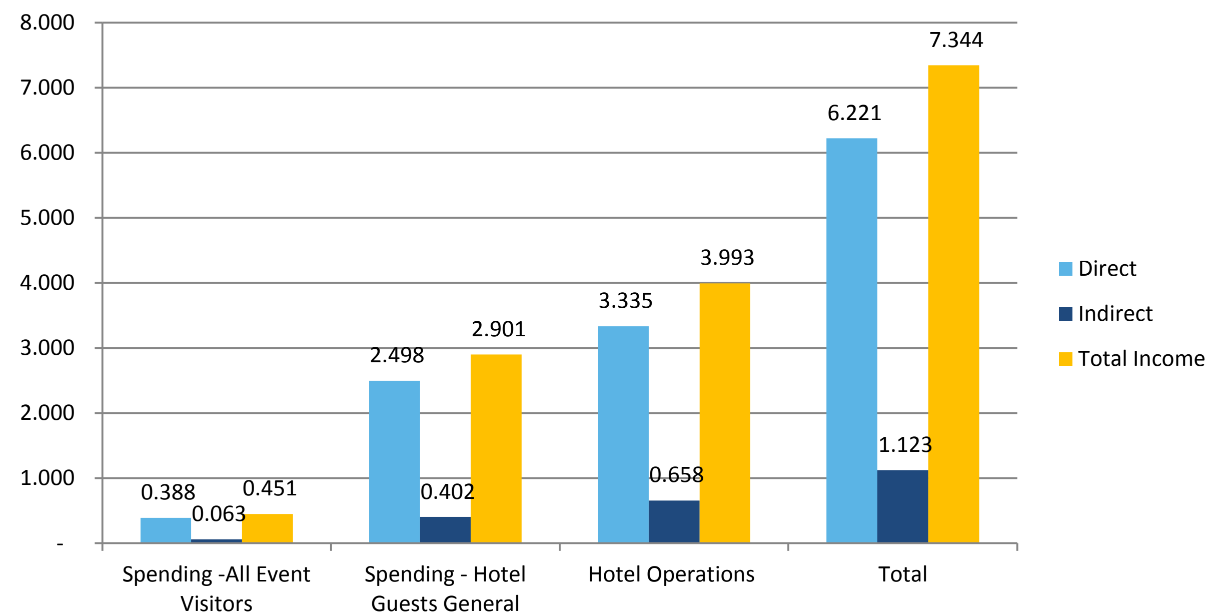
Source: MCa Modelling & Analysis

Figure 11.9: *Summary of Hotel/Conference Centre Regional Impact ($ million)*



Source: MCa Modelling & Analysis

Figure 11.10: *Hotel/Conference Centre Regional Impact from Hotel Operations – Base Case ($ million)*



Source: MCa Modelling & Analysis

In conclusion, the development of the hotel will boost tourism activity in Phillip Island and San Remo.

- The conference/functions facilities will enable the region to attract mid-size and large conferences, weddings and events, with the associated demand for rooms in the hotel and in other accommodation providers. It will enable Phillip Island and San Remo to position itself as a regional conference destination.
- A high quality hotel would enable international tour groups to have an overnight stay.
- The overall economic impacts in terms of increased jobs and higher regional income are significant and sustainable.

Supporting Case Study

CASE STUDY

Brisbane City – Development Incentives (Brisbane, QLD)

Brisbane City had one of the highest occupancy rates of hotels in the world in the peak of the mining boom, and peak demand was leading to 278,000 deferred room nights every year. Despite these conditions, new room stock was not under construction. Brisbane City Council adopted a proactive approach to development facilitation by reducing Council infrastructure charges for eligible student accommodation developments by $2,000 per room; and new four and five star hotel developments by $4,000 per room.

Since the infrastructure incentives were applied, there has been a significant increase in development applications lodged, with almost 4,500 student rooms and 650 hotel rooms in branded properties including the Next Hotel, Four Points, the Pullman Hotel at the Airport and the Rydges Hotel at the RNA Showgrounds.

A similar program in Cairns, Tropical North Queensland, which offers a waiver of up to 100% of infrastructure charges for projects valued over $15 million along with assisted applications processes has generated project applications for 2016 totalling $110 million, compared to just $20 million in 2015.

Additional Game Changer Project Actions	Responsibility (bold to lead)	Timing
Create a Development Planning Overlay and achieve Austrade Tourism Major Project Facilitation status for the **Isle of Wight and Continental Hotel** sites.	BCSC	Immediate
Develop an **incentive package to attract new hotel and accommodation development,** incorporating negotiations of infrastructure charges and providing dedicated support for proponents through the development process.	BCSC	Short Term

Game Changer Project 6: *Grow and Attract New Events with Sustainable Funding*

Key considerations in introducing a Benefitted Area Special Charge include:

- Identification of a set of clearly defined rateable land/ business categories to which the special charge would apply (i.e. rateable land and businesses which receive direct or indirect benefit from tourism and major events). In the context of Council's Rates Strategy, the following rateable land categories should be considered;
  - **Visitor Accommodation** (transitory accommodation properties which offer short term holiday lets at any point during a financial year (i.e. hotels, motels, caravan and camping, residential hotels, group accommodation, bed & breakfast, backpacker accommodation);
  - **Commercial and Industrial** (including food and drink premises, leisure and recreation, restaurants and fast food operations, retail premises, taverns, wineries, etc.); and
  - **Principal Tourism Amenities** (tourism attractions including the PIGPC).
- Imposition of a cents per dollar of the special charge would be applicable for all rateable land in identified areas and business categories.
- The cents per dollar value would be varied between the identified business categories, reflecting the level of economic benefit typically accrued from tourism and events expenditure.
- A minimum annual payment would be applicable, providing certainty in terms of the annual revenue available for investment in the Events Program.

Supporting Case Studies

CASE STUDY: Use of Special Charges to Support Tourism and Events (QLD)

Sunshine Coast Council

The Tourism and Major Events Levy was introduced by Sunshine Coast Council as a means of reforming the previous tourism funding model, which relied heavily on Council contributions. The new levy model was designed to focus one of Council's roles on being a banker (collecting and dispensing funds), but allowing the industry to determine the detail of where these funds should be invested, giving industry a stronger role and helping to ensure its long term sustainability.

The levy is currently collected from business operators across the Sunshine Coast LGA who have rateable land that has benefited, or will benefit, either directly and indirectly, from promotion of the tourism industry strategies carried out by Council or approved external agencies, at differential levels reflecting that degree to which the land occupier is considered to derive benefit.

The levy is collected via annual rate notices and a minimum rate amount of $75.00 is applied.

Income Generation from the Levy

Based on figures provided by Council, in 2014 14,086 charges were made, generating $4,282,918. For the 2014/2015 financial year, it is estimated that $4,711,210 will be generated by the levy.

Levy Disbursement

Levy funds are disbursed by the regional tourism organisation (Sunshine Coast Destination Limited) and with regards to major events support, by Sunshine Coast Regional Council based on recommendations made by Sunshine Coast Major Events Board.

CASE STUDY: Use of Special Charges to Support Tourism and Events (VIC)

Throughout Victoria, there has been a trend for local government areas to move away from dedicated economic development, tourism and event levies towards funding additional tourism activity via general business differential rates. Income from differential rates is not guaranteed for tourism activities with Council's having the authority to invest accordingly. Ministerial Guidelines for Differential Rating was introduced in April 2013, with the purpose of provided greater transparency and certainty across Victoria's municipalities.

Surf Coast Shire Council

During the mid-1990s, the newly amalgamated Surf Coast Shire Council made a major decision to elevate the importance of their tourism industry, including substantially increasing its financial commitment to tourism and economic development. It established Surf Coast Tourism as a Section 86 Committee of Council and it became one of the first in Victoria to introduce a differential commercial rate to fund tourism.

By 1997 the system had evolved into a Tourism and Economic Development Levy (special rate and charge). It comprised a special rate used for tourism-related infrastructure developments and a special charge used for marketing purposes. A feature of the new system was the introduction of a charge of $40 per year on non-permanent home owners who commercially rented their home. The scheme raised $300,000 per year for the three years that it operated.

In July 2001 the Council decided to reformat the scheme, comprising:

- A **Tourism/Commercial Rate** (differential rate) on all tourism and commercial land used for commercial or industrial purposes, as well as for any major tourist establishment/ accommodation facility. It raised nearly $500,000 per year; and
- **Tourism Special Charges**: Holiday home owners were levied $60 per year, while minor tourist accommodation (not already covered under the tourism/commercial rate) were levied $200 each per year. The special charges raised nearly $200,000 per year.

The combined revenue generated approximately $670,000 per year for Surf Coast Tourism, which its board invested back into the future of the industry. By 2006, when the Council had been operating the system for eight years, the commercial/ industrial differential rate was 90% greater than the residential rate in the dollar, B&Bs were being levied $200 per annum and holiday homes paid $65 per annum. The 2005-2006 budget projected revenue from the scheme of $887, 234, of which about $750,000 was earmarked to help meet its tourism expenditure.

However, the system had its problems. Absentee home owners were able to contest the $65 charge by simply completing a declaration. Council had identified 7,457 holiday homes, but only 1,500 were paying the charge.

The level of administration for the holiday home component was also considered to be excessive relative to the return. Even though B&B operators were not included under the commercial rate and were clearly frontline beneficiaries of tourism activity, the number of B&B operators paying the special charge of $200 per year was steadily declining. After ten years of operation, the Council abandoned the special charges in 2006 and adopted a new system.

Continued on over page.

The hybrid system retained the Differential Commercial Rate to capture revenue from commercial businesses, but instead of the Special Charges, businesses can now opt-into a membership scheme that provides them with specific local and regional marketing benefits. Businesses who pay the commercial rate can now apply for part of their payment to be credited against a full membership in both the local and regional tourism organisation (i.e. Surf Coast Tourism and Geelong-Otway Tourism). Administration of the membership, including invoicing, is undertaken by Geelong Otway Tourism. Sixty per cent of the membership fee is returned by Geelong Otway Tourism to Surf Coast Tourism. The remainder of the monies generated from the commercial rate are directed by Council to the development of the tourism industry, including operation of the visitor information centres.

In the intervening period, regional tourism structures have evolved. Partnership arrangements have changed but this core tourism funding formula remains in place. Picking up contributions from small accommodation establishments remains a key challenge.

Mildura

Mildura Rural City Council had a longstanding economic development and tourism differential rate until 2012, funds from which were used to support project activity carried out by Mildura Tourism. From 2012/13 the dedicated tourism levy scheme was replaced by a general business differential rate (120% of the residential rate). In September 2013 Mildura Tourism and Mildura Council completed negotiations that established a new three-year Memorandum of Understanding between the two organisations.

City of Ballarat

City of Ballarat had a longstanding economic development and tourism levy up until 2012, funds from which were used to support project activity carried out by City of Ballarat's Economic Development Team and Ballarat Regional Tourism. From 2012/13 all project activity was funded via Council differential rates scheme. Council reported that the majority of businesses made smaller contributions under the new arrangements.

Issues and Challenges

Funding for local and regional tourism organisations in Victoria highlights a number of issues and challenges which are pertinent to circumstances in the Sunshine Coast:

- There has been a general move towards funding via consolidated differential business rates. The reasons for the move are varied, but include simplifying the rate collection systems, and reflecting the overall management and financial circumstances of Councils;
- Rate collection is primarily carried out by Councils, with costs being covered within authorities' overall rate collection responsibilities; and
- Surf Coast provides an example of a different approach to ensuring holiday home owners and smaller accommodation businesses contributed to overall funding.

Source: *Growing Destinations, Visit Victoria*

Game Changer Project Actions	Responsibility (bold to lead)	Timing
Prepare a Discussion Paper on a **Benefitted Area Special Charge** for tourism and economic development targeting 'off-peak' economic drivers.	**BCSC**	Medium Term
Form a closer **working relationship with Surfing Victoria and the surf industry** and **jointly pursue a range of surfing related events**. The range of conference facilities as well as surf experiences lends itself to a mix of events both corporate and participation. Phillip Island needs to expand its partnership with Surfing Victoria and the surf industry to attract a wide range of events to the State and to the Island.	**BCSC, Surfing Vic,** Surfing Industry	Medium Term
Leverage the National Surfing Reserve and the local industry by generating targeted publicity about the Island as the 'surfer's choice' using brand ambassadors and testimonials to promote the benefits of a Phillip Island surfing safari.	**BCSC, Surfing Vic,** Surfing Industry, DPI	Medium Term
Work with event organisers to attract and grow hold of sustainable events and activities through education, training, streamlined processing of applications and joint promotion.	**BCSC**	Medium Term

Game Changer Project 7: *Touring Loop through a Tourism Oriented Passenger and Car Ferry*

The Potential for an Upgraded Passenger Ferry Service for Phillip Island

The Current Passenger Ferry

Presently, marine access to Phillip Island is serviced by a passenger-only catamaran, with capacity for up to 95 passengers in the main covered cabin (65 seats) and top uncovered deck. This service – more commonly known as 'The French Island Ferry' – runs between Stony Point in Mornington Peninsula and Cowes on Phillip Island, via French Island. The service runs to a schedule timetable and generally has up to seven round-trip sailings per day, however only three sailings call into Cowes on Phillip Island. It is also subject to weather disruptions, as the service's operating parameters are less than 25 knots of wind and a one metre wave swell.

The ferry currently carries approximately 60,000 passengers per year (cf 46,500 - 2008) with over half of these being residents and friends and family transport to and from French Island. This past year, the ferry has witnessed a series of breakdowns and weather disruptions, and its current reputation with French Island's 123 permanent residents is somewhat mixed.

An Upgraded Passenger Ferry – What is envisaged and what benefits would potentially be likely to accrue to the Region and in particular Phillip Island?

The present daily ferry service offers only three sailings that call into Cowes and with all these sailings via French Island, the service in reality offers little to attract any significant visitor market demand to Phillip Island. The timing and frequency of the sailings to and from Phillip Island is not optimised and the service is more aligned to servicing the needs of French Island residents.

If a new, fast, well appointed, purpose-built passenger ferry were to be introduced with more direct services between Stony Point and Cowes, this could have a sizeable effect on the numbers of passengers/visitors to Phillip Island utilising the service. The service could also then be marketed not only as a standalone transport option, but promoted with connecting train travel to and from Melbourne as a viable and scenic option.

Recognising that if financial support for a ferry service from Public Transport Victoria is to be continued then the interests and Island access requirements of French Island residents will still need to be catered for. Such a ferry would be envisaged to have minimum service specifications as follows:

Indicative Minimum Ferry & Service Specifications

- Catamaran design for optimum weather handling and berthing
- 15-20 metres in length, covered main cabin, open top deck
- Bar/ light snacks available on board
- Passenger capacity - 100 passengers, 75 seated covered main cabin
- Cruise speed - 20 knots minimum
- Operating wind and sea conditions - up to 30 knots and 2 metres swell
- Minimum crew - 2
- Indicative cost for ferry - $1.5-2m

Timetable Schedule Considerations

It would be highly advantageous if such a service could fill the dual role of continuing to look after French Island residents transport requirements, whilst at the same time offering a new improved passenger ferry service to Phillip Island. This would facilitate the promotion of an alternative means of accessing Phillip Island to the burgeoning visitor market, and could act as a forerunner to a future passenger vehicle service.

While final schedule and timing configurations will need to be agreed through consultation with key stakeholders and groups, for the sake of an example the following option is offered:

- 4 direct return sailings Stony Point/Cowes/Stony Point – 50 min round trip
- 3 sailings Stony Point/Tankerton/Cowes/Tankerton/Stony Point – 90 min round trip
- 3 direct sailings Stony Point/Tankerton/Stony Point – 30 min round trip

Such a service would offer up to seven return sailings daily between Stony Point, Tankerton and Phillip Island.

In this regard, in consultation with Public Transport Victoria, the service would aim to continue with financial support from Public Transport Victoria, through its servicing of French Island residents with any proposed new timetable.

Potential Passenger Numbers on an Upgraded Service

As stated above, the existing service is presently carrying approximately 60,000+ passengers a year, with over half of this number represented by French Island passengers. Ferry passenger traffic to and from Phillip Island is estimated to be approximately 20,000 and comprised of predominantly visitor/tourist traffic.

With the Island now hosting over 1.85 million visitors per year and close to 1.27 million day trippers it is evident that any regular reliable professionally operated ferry service would attract a share of this market. The key to any successful ferry service operating in the transport and tourism sector is reliability and frequency, coupled with good service.

On the assumption that the new proposed passenger ferry service would meet those service parameters, as a starting point, it could be assumed the service would attract the additional foot passenger market. It is estimated that 32,850 foot passengers (separate from car passengers) were estimated to use the vehicle ferry on the medium demand scenario (see over page).

If a further assumption is made that the French Island resident and visitor traffic via the ferry would remain at present levels (i.e. approx. 40,000 French Island residents plus the estimated Cowes foot traffic sets a base total of 72,000 passengers per year).

Further, with the inclusion of a sound initial and ongoing marketing and promotional campaign, coupled with the shorter duration of the trip and increased frequency of services offered, the annual passenger traffic for the passenger ferry could target well over 100,000 passengers per year. Therefore a medium demand scenario could realistically be set at 85,000 passengers per year.

Passenger Ferry Most Likely Medium Demand Scenario – Year 1

Assumptions

- 100 passenger ferry
- 20 sailings per day (10 return)
- 365 days per year
- 7,300 sailings per year
- Annual passenger capacity of 730,000 passengers

Most Likely Demand Scenario

- 40,000 existing French Island passengers
- 20,000 existing Cowes passengers
- 25,000 new Cowes passengers
- French Island Residents & Visitors - 47% of usage

- Phillip Island Residents & Visitors - 53% of users
- 85,000 passengers per year
- 11% of passenger capacity used annually

Victorian State Government Support

Presently, through Public Transport Victoria, the State Government provides support for the passenger ferry servicing French Island. This service also calls into Phillip Island, but only on three trips per day on its seven return runs between Stony Point, Tankerton, French Island and Cowes.

The annual subsidy is estimated in excess of $500,000 per annum. The subsidy is primarily to service French Island residents public transport access to and from the Island. This present subsidy is not geared towards servicing Phillip Island residents and this fact needs to be recognised in any future discussions on the continuation of this subsidy. Any such continuation of the subsidy would require ongoing passenger services to and from Stony Point to Tankerton.

Public Transport Victoria is presently looking to engage a consultant to prepare a report on the future service requirements for any such continuation of the service once the present contract expires in June 2017.

Building a Case for Establishing a Car Ferry

Vision

It is envisioned that the future vision for Phillip Island ferry services be:

A world class Western Port Ferry service linking Phillip Island with the Mornington Peninsula, connecting Victoria's iconic coastal tourism destinations.

This will be a value-for-money service that will provide a significant boost to regional tourism whilst providing a much needed public transport service to cater to the regions transport needs for future decades and beyond.

Such a ferry would be envisaged to have minimum service specifications as follows:

Indicative Minimum Ferry & Service Specifications:

- RoPax Catamaran Ferry (Roll on, Roll off vehicle carrying ferry with passenger carrying capability)
- Catamaran design for optimum weather handling and berthing
- 40- 45 metres in length
- Vehicle capacity 40-45 vehicles
- Passenger capacity 300 passengers
- Cruise speed 15 knots minimum
- Minimum crew of 4
- Offering up to 10 return sailings daily between Phillip Island and Stony Point
- Indicative cost for ferry $7-10m

Situation Analysis

Island Resident Statistics

The Island has over 11,500 permanent residents and this number swells to over 50,000 in peak summer months with holiday home users and visitors.

Presently, it is estimated that the Phillip Island Road carries in the order of 12,000 vehicles per day and that this rises to over 16,000 vehicles in peak holiday seasons[53]. Traffic volumes have been growing at a compound annual growth rate of close to 5% along Phillip Island Road.

Present Visitor Market

Phillip Island is a tourist mecca, driven by its close proximity to the City Of Melbourne (only a 90 minute drive away). The Island presently hosts over 1.85 million visitors per year and over 1.48 million visitor nights, and of these total visitors over 1.27 million are day trippers.

One of the main visitor attractions to the Island is the daily Penguin Parade, attracting over 650,000 paying visitors per annum. The majority of visitors come on return day trips from Melbourne and a significant number are brought in groups by return daily coach from Melbourne. Cars are presently the dominant form of transport to and from the Island, and this is unlikely to change in the future.

Since 2011, tourism and visitation numbers have been growing at a rate of 4.3% per annum, and it is likely this rate of increase will continue to grow in future years – especially as the Bass Coast Shire Council looks to further develop Phillip Island and San Remo's tourism industry with a blueprint to increase accommodation, develop attractions and adopt a more focussed marketing strategy through the Phillip Island and San Remo Visitor Economy Strategy 2035.

Phillip Island Car Ferry - Medium Demand Scenario – Year 1[54]

Assumptions

- 45 car vehicle ferry
- 300 passengers
- 10 sailings per day
- 365 days per year
- Annual ferry capacity of 164,250 vehicles
- Annual passenger capacity of 1,095,000 passengers
- 40% of car capacity used annually
- 2 passengers per car
- 0.5 additional foot passenger for every vehicle
- 30 passengers per coach
- 1 coach on average for every 5 sailings

Table 11.12: *Annual Car Ferry Estimated Year 1 – Medium Demand Scenario*

Scenario	Medium Demand Scenario
% of annual car capacity achieved	40%
Estimate no. of cars using ferry annually	65.700
Annual average no. of cars per sailing	18
Estimated no. of car passengers	131,400
Estimated no. of coach passengers	21,900
Annual average no of coaches per sailing	0.2
Estimated no. of foot passengers	32,850
Average no. of foot passengers per sailing	9
Total passengers	186,150
Annual average no. of passengers per sailing	51

[53] VicRoads, *Annual Average Daily Traffic Volumes*, 2015

[54] These numbers are best estimates only utilising, current visitor data and trends for the Phillip Island and San Remo region, comparisons with Sorrento Queenscliff Ferry passengers stats and trends, and past reports on potential Phillip Island ferry use and in particular Essential Economics Pty Ltd report July 2010

The Case for a Car Ferry

With tourism and visitation to the Island generally growing at 4.3% per year, vehicle and traffic congestion, especially at peak season, is destined to become much more pronounced in future years.

One of the dominant elements in holding back even further growth in Phillip Island and San Remo's visitor market is that it is perceived as a 'one way' destination. The only road out is the road in, and this for tourists, means a lot of ground is covered twice whilst driving. The vision is to make Phillip Island part of an ongoing journey experience, and a car ferry linking Phillip Island to the Mornington Peninsula would open up a significant new market for tourism. The implementation of a car ferry would allow for multi-day touring round trips to be planned (e.g. Melbourne /Phillip Island/ car ferry to Mornington Peninsula/ Sorrento car ferry to Bellarine Peninsula/ Melbourne) and offers a significant amount of potential.

First year estimates for the introduction of a vehicle ferry service between Stony Point and Phillip Island (under a Medium Scenario) indicate that approximately 65,700 cars and 186,150 passengers would be serviced per annum. It should be noted that these are high-level estimates which are presented solely to highlight the value of any such service to the Island's future growth and will require further work to gain confidence and accuracy in passenger numbers. Any future Business Plan will also need to take into consideration the roadblocks and issues identified in the following section.

In addition to primary visitor usage, a well-run, regular car ferry service would also attract usage from Mornington Peninsula residents accessing holiday homes on the Island as indeed it may with Phillip Island residents wishing to access the Mornington Peninsula without the drive around – especially at peak season with traffic congestion to and from the Island. It would also provide alternative emergency access for residents in the case of road blockages. Predominantly, however, the service would be defined by the visitor market to Phillip Island.

Subject to full business case development, a strong preliminary analysis suggests the business viability case is apparent.

Roadblocks and Issues

The Current Passenger Ferry

Presently, marine access to Phillip Island is serviced by a passenger-only catamaran, which runs between Stony Point in Mornington Peninsula and Cowes on Phillip Island, via French Island. If a car ferry servicing Phillip Island was to be contemplated, it would be desirable to consider the options of combining both services under the one operation for cost savings and viability of the routes. With the present passenger ferry contract set to expire in June 2017, there is an opportunity to investigate this option.

Resident Opposition

There has been historical opposition from a sector of Phillip Island residents who oppose any future development for a car ferry operation. This was brought to a head in April 2010 when plans for a two story car ferry terminal were released, with architectural concept drawings depicting a substantial terminal positioned at the heart of Cowes in the jetty triangle. These plans were perceived as a visual eyesore to many, and promulgated valid future concerns over traffic management on the foreshore and the main village street.

This past exercise has negatively coloured the perception of any such ferry operation in and around Cowes for this sector of residents and this perception is likely to continue to be fostered in respect to any new car ferry concept. To get many of these detractors on board, any new development proposed would have to address the issues previously raised and will have to not only address traffic management, but the intended location of such a terminal as well. Just as importantly, the visual aspects of the terminal and infrastructure will also need to be considered.

Location of Ferry Terminal on Phillip Island

Based on the investigations undertaken through the development of the Phillip Island and San Remo Visitor Economy Strategy 2035, the preferred location for the development of a future car and passenger ferry is near the Cowes Yacht Club. This would operate as a car ferry jetty, providing both transport infrastructure and an expanded marine tourism and recreation precinct for the Island. Expansion of the Cowes Yacht Club is limited by its access to land, as they are already at capacity for boat storage. This is inhibiting the growth of the club to offer additional services for new members (from the growing regional population) and for local people, including young families wishing to try sailing. Getting on the water is one of the best ways to experience an Island hero, 'It's an Island, enjoy'.

The development of a car and passenger ferry jetty would need to be done to the highest environmental standards and should be an example for other coastal locations in ecologically sustainable design. Planning should commence with a study on leading practice in environmental design of jetties, followed by a thorough environmental impact assessment of the preferred design. The need for and funding of a facility such as this is not expected in the short to medium term, however the planning for the facility should commence in 2017.

Additionally, with the proposed future development of the Cowes foreshore precinct, if the car and passenger ferry terminal was sited at either of these options, a landscaped and visually attractive pedestrian walkway along the foreshore could be designed to connect the new terminal to the Cowes Jetty Triangle and the main village. In this regard, foot passengers who may use the ferry would be able to easily access the main village, and this would be advantageous for the region, especially to attract day return foot passengers from Mornington Peninsula. At least three options will need to be identified and monitored to find the preferred site, however it should be noted that the Cowes Jetty and Erehwon Point were ruled out during the development of the Phillip Island and San Remo Visitor Economy Strategy 2035.

Terminal Infrastructure Costs

Past reports and studies have been commissioned to determine terminal infrastructure costs, however all such reports have been totally reliant on the proposed infrastructure and the parameters and specifications of the proposed ferry and will need to be revisited in detail. Recognising this, however, one could still deduce that of the three Island options, the costs would likely be no less than the following:

Cowes Pier	$10 million
Erehwon Point	$15 million
Yacht Club	$20 million
Stony Point (Mornington Peninsula)	$8 million

Victorian State Government Support

Presently, the State Government (through Public Transport Victoria) provides support for the passenger ferry via a public transport subsidy for French Island residents to allow them to get to and from the Island. This annual subsidy is estimated in excess of $500,000 per annum.

The current subsidy arrangement is not geared towards servicing Phillip Island residents and will need to be recognised in any future discussions on the continuation of such a subsidy. Public Transport Victoria is presently looking to engage a consultant to prepare a report on the future service requirements for any such continuation of the service once the present contract expires in June 2017.

Aside from public transport support, the State Government, through the various interested Victoria Regional Tourism Boards, has also endorsed the concept of the vehicle ferry in its 2013-2016 Regional Tourism Strategy released December 2013. The action point therein states:

'Advance discussion of the Cowes to Stony Point Car Ferry, ensuring adequate community engagement'.

This was then reinforced its Annual Status Report 2013-14 released April 2015 recognising 2013-14 progress:

'Regional Tourism Board and Council established dialogue on options to progress Ferry project. The RTB has been consistently promoting the opportunities the Car Ferry can deliver at various engagements with the community and Council'.

Mornington Peninsula Shire Council Support

Mornington Peninsula Shire Council has supported the proposal for the introduction of a vehicle ferry between the Mornington Peninsula and Phillip Island for many years. Engineering and environmental requirements have been studied with particular emphasis on their side of the proposed ferry route at Stony Point.

Their current Destination Management Plan 2014 supports this proposal, stating that '*many initiatives contain challenges that can only be overcome by all stakeholders working together with a common purpose'.*

One of the objectives detailed in respect of the proposed Stony Point – Phillip Island Vehicular Ferry is to 'Provide a *through touring route (Bellarine Peninsula – Mornington Peninsula – Phillip Island… Provide an alternative touring route to Phillip Island from Mornington Peninsula region).*

Bass Coast Shire Council Support

Bass Coast Shire Council (BCSC) has led many initiatives over the last few years to investigate the car ferry link from Phillip Island to the Mornington Peninsula. Unfortunately, these initiatives were sidelined in a Council decision in 2010 to not to proceed with the ferry proposal, largely driven by resident opposition to redevelop the Cowes Jetty area with a 'less than satisfactory' concept.

Presently, the vehicular ferry proposal is back on agenda for consideration in 'The Phillip Island Strategic Tourism Plan 2014' under its Priorities and Key Opportunities as follows:

'Establishment of a viable car ferry link to Mornington Peninsula to open up coastal touring market links supporting regional dispersal to Gippsland.'

Regional Tourism Organisation Support

It should also be noted that both Destination Phillip Island Regional Tourism Board and Destination Gippsland have supported the vehicle ferry proposal for many years.

Next Steps and Recommendations

There appears to be support from a number of sectors for the introduction of a vehicle and passenger ferry between Phillip Island and the Mornington Peninsula. The opposition that exists stems from unrealistic past proposals, including the location of the terminal at Cowes Jetty Triangle precinct.

On the assumption that an alternative, acceptable operational location for the Island terminal could be identified, a new round of public consultation should be undertaken, highlighting the benefits of the service and addressing the concerns of locals. However, to get to that position, the main stakeholders (BCSC and MPSC and the Victorian State Government) will need to be in total agreement and work together to formulate a comprehensive strategy moving forward to lead on to a viable business plan. State Government support will also be vital, as the infrastructure costs required will be more than the Shires have available to proceed with on their own.

To ensure that a clear and solid direction is taken with this potential future venture, a joint approach by both Shires will be needed before approaching State Government representatives. It is envisioned that this would commence with the relevant Regional Tourism Organisations, with a view to getting direction on the following issues:

1. An agreement in principle to consider options for a vehicle ferry service between Phillip Island and the Mornington Peninsula;
2. Determining the level of State Government assistance that will be required for infrastructure costs at Stony Point and Phillip Island; and
3. Identifying what future opportunities are there through Public Transport Victoria, for combining the present passenger ferry service between Stony Point and Tankerton, French Island and a newly proposed vehicle ferry service between Phillip Island and Stony Point, and if so, what level of financial support could realistically be expected.

Economic Impact Assessment – Car Ferry

This report provides an economic impact assessment of the development of a car ferry to service Phillip Island. The proposal that has been modelled is that outlined in the previous section *Building a Case for Establishing a Car Ferry*. Three cases are examined – low, medium and high passenger numbers.

C1 Medium is the case that is detailed in *Building a Case for Establishing a Car Ferry* and this analysis was used as the foundation for deriving estimates of ferry users by category. **This medium case is the one that is regarded as the most likely at the commencement of a ferry service.** Please note that there may be slight variances between individual calculations and total tallies due to rounding.

Table 11.13: *Car Ferry - Specification*

Cases	Annual Passenger Numbers	Data Source
Case 1 Medium	186,000	*Building a Case for Establishing a Car Ferry*
Case 2 Low	150,000	MCa estimate – 80% of medium case
Case 3 High	323,000	From Stony Point Vehicular Ferry Project – Economic Assessment, Essential Economics July 2010 (Medium Case)

The impact on the tourism sector of all of the visitor categories that would use a ferry is examined. The analysis shows the number of jobs in the tourism sector (accommodation and other tourism businesses) that would be underpinned by the visitors using the ferry.

User Analysis

Ferry Users - All

Analysis identifies a number of ferry user groups. This distribution across residents and visitor categories was used to estimate the ferry user numbers for each of the three cases modelled.

Figure 11.11: *Ferry Users by Group (%)*

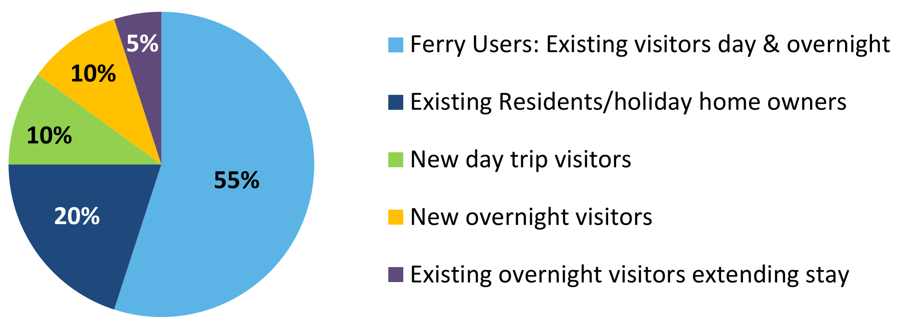
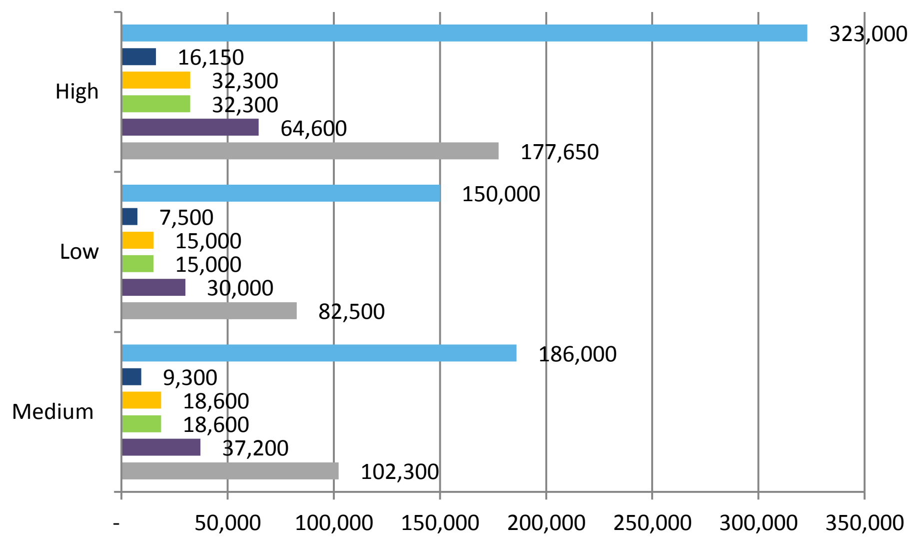


Table 11.14: *Ferry User Estimates – Year 1 Operations (no.)*

Ferry User Estimates	Ferry Users Share	C1 Medium	C2 Low	C3 High
Existing visitors day & overnight	0.55	102,300	82,500	177,650
Existing residents/holiday home owners	0.20	37,200	30,000	64,600
New day trip visitors	0.10	18,600	15,000	32,300
New overnight visitors	0.10	18,600	15,000	32,300
Existing overnight visitors extending stay	0.05	9,300	7,500	16,150
Total	**1.00**	**186,000**	**150,000**	**323,000**

Source: MCa analysis

Figure 11.12: *Ferry Users – Estimates (no.)*



	Medium	Low	High
Total	186,000	150,000	323,000
Existing overnight visitors extending stay	9,300	7,500	16,150
New overnight visitors	18,600	15,000	32,300
New day trip visitors	18,600	15,000	32,300
Existing Residents/holiday home owners	37,200	30,000	64,600
Existing visitors day & overnight	102,300	82,500	177,650

Source: MCa analysis

Ferry Users – Visitors

The following table shows estimates for the visitors who would use the ferry (i.e. it excludes the existing residents/holiday home owners that use the ferry). For existing visitors, it is assumed that 70% are overnight visitors and 30% are day visitors.

Table 11.15: *Estimates of Visitor Using Ferry (no.)*

Visitors	Ferry Users Share	C1 Medium	C2 Low	C3 High
Existing visitors day & overnight	**0.55**	**102,300**	**82,500**	**177,650**
Existing day visitors (30%)		30,690	24,750	53,295
Existing overnight visitors (70%)		71,610	57,750	124,355
New visitors				
New day trip visitors	0.1	18,600	15,000	32,300
New overnight visitors	0.1	18,600	15,000	32,300
Existing overnight visitors extending stay	0.05	9,300	7,500	16,150
Total visitors		**148,800**	**120,000**	**258,400**

Source: MCa analysis

The following are the accommodation and spending assumptions used in the economic impact modelling of accommodation use and visitor spending.

Table 11.16: *Modelling Assumptions- Visitor Spending*

Visitor Assumptions	
Overnight visitors	
Average nights	2.5 nights
Avg. accommodation spend per night ($)	$160
Room use	All Twin Share
Avg. other spending per day ($)	$100 per person/day
Existing overnight visitors extending	1 night (extension)
Day visitors	
Spending per day	$85 per person/day

Source: MCa analysis

Tourism Impacts – Ferry Users

1. Accommodation Demand

The following table shows room nights associated with overnight visitors using the ferry. Total room nights for all visitors are 117,413 (C1 Medium); 94,688 (C2 Low) and 203,994 (C3 High).

Table 11.17: *Estimated Annual Room Nights - Visitors Using Ferry (no.)*

Overnight Visitors - Estimate of Room Nights	C1 Medium Room Nights (no.)	C2 Low Room Nights (no.)	C3 High Room Nights (no.)
Existing visitors			
Existing day visitors	0	0	0
Existing overnight visitors	89,513	72,188	155,444
Existing overnight visitors extending stay	4,650	3,750	8,075
New visitors			
New day trip visitors	0	0	0
New overnight visitors	23,250	18,750	40,375
Total room nights	**117,413**	**94,688**	**203,894**

Source: MCa analysis

2. Visitor Spending

- The following table shows estimates of visitor spending by visitors using the proposed ferry. Expenditure of all visitors on accommodation varies from C1 Medium - $m18.8; C2 Low $m15.1; and C3 High $m32.6.
- Other spending by all visitors varies from C1 Medium - $m27.7; C2 Low $m22.3; and C3 High $m48.0.
- Spending by those identified as new visitors accounted for around 25% of the total in each category.

Table 11.18: *Estimated Visitor Spending by Visitors Using Ferry – Annual ($ million)*

Visitors Spending ($ million)	C1 Medium Accom.	C1 Medium Other Spending	C2 Low Accom.	C2 Low Other Spending	C3 High Accom.	C3 High Other Spending
Existing visitors						
Existing day visitors	-	2.609	-	2.104	-	4.530
Existing overnight visitors	14.322	17.903	11.550	14.438	24.871	31.089
Existing overnight visitors extending stay	0.744	0.930	0.600	0.750	1.292	1.615
New visitors						
New day trip visitors	-	1.581	-	1.275	-	2.746
New overnight visitors	3.720	4.650	3.000	3.750	6.460	8.075
Total visitor spending	**18.786**	**27.672**	**15.150**	**22.316**	**32.623**	**48.054**
New visitor spending only	**4.464**	**7.161**	**3.600**	**5.775**	**7.752**	**12.436**

Source: MCa analysis

3. Jobs in Accommodation Sector

The following table shows estimates of the number of direct jobs in the hotel sector supported by overnight visitors who are users of the proposed ferry.

- Direct Jobs generated by all visitors are 79 in C1 Medium Case and 137 in C2 High Case.
- Jobs for as new visitors accounted for around 25% of the total for each category and for C1 Medium were 19 jobs and for C3 High were 32 jobs.

Table 11.19: Direct Jobs in Accommodation Sector Generated by Visitors Using Ferry. (No.)

Direct Jobs in Accommodation Sector	C1 Medium Jobs FTE (no.)	C2 Low Jobs FTE (no.)	C3 High Jobs FTE (no.)
All visitors	78.8	63.6	136.9
New visitors	18.7	15.1	32.5

Source: MCa analysis

Construction Phase

The development of the vehicle ferry service will require the construction of terminal facilities for service between Cowes and Stony Point. Indicative estimates of terminal construction costs are a total of $28 million and an 18 month construction period.[55]

[55] These are indicative costs only and a full study would be required to identify operational requirements and to estimate construction costs.

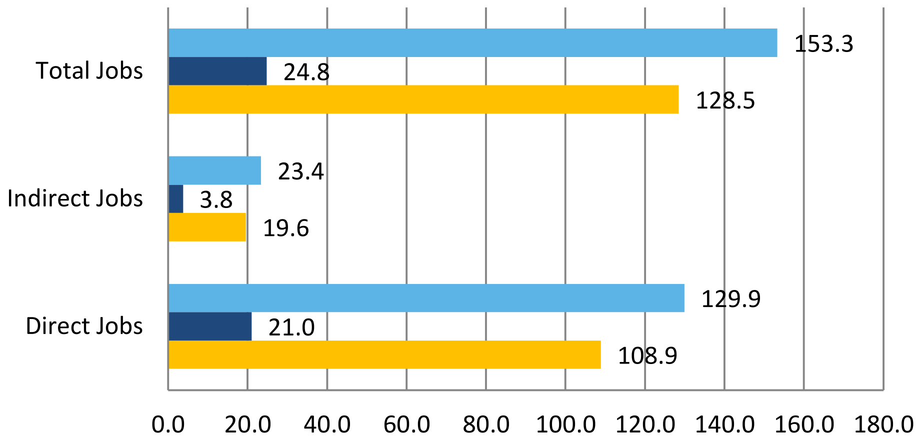
Table 11.20: *Indicative Construction Costs – Terminals*

Terminals	Construction Cost $million
Yacht Club	20.0
Stony Point	8.0
Total Construction Cost	**$28.0**

The following shows the jobs impact of the project.

Over the 18 month construction period, the project would generate a total of 109 direct construction jobs on site and in the region. It is likely that these jobs would involve construction workers from the Shire and from the broader South East Area of Melbourne. A further 23 jobs would be generated from the consumer spending of construction workers. The supply of materials to the project would generate additional 25 jobs (21 direct and 4 indirect/induced) across the State. Total construction phase employment impacts are estimated at 153 jobs (128 direct and 25 indirect/induced).

Figure 11.13: *Ferry Terminals – Construction Jobs (Total FTEs)*



	Direct Jobs	Indirect Jobs	Total Jobs
Total Jobs - Construction Phase	129.9	23.4	153.3
Materials Jobs (State-wide)	21.0	3.8	24.8
Construction Jobs (LGA & Region)	108.9	19.6	128.5

Source: MCa Modelling & Analysis

Operations Phase

Economic impacts of the operations were assessed for the three scenarios (Cases 1-3).

Impacts are measured in terms of:

- **ongoing jobs** – direct jobs generated in the accommodation sector and other parts of the tourism sector by visitors; and the Indirect/induced jobs generated by the spending of these employees (multiplier impacts); and
- **increase in regional income** generated by increased activity in the accommodation sector and in other parts of the tourism sector from visitors who come via the ferry.[56]

[56] Regional income is the total net income generated from the activity and covers wages and salaries and profits within the region. It includes income generated directly within the business and indirect income that is generated in other regional businesses (wages and

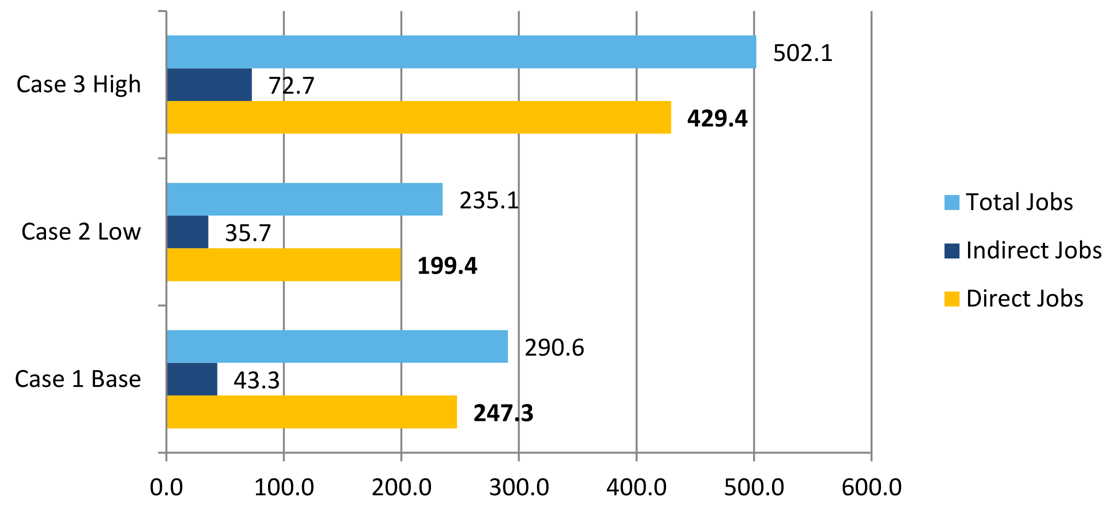
Case 1 Medium is the scenario that is regarded as the most likely with the start- up of a car ferry service.

Regional Employment Impacts

The following table shows the overall regional employment impacts of the ferry operations for Phillip Island for each of the cases. It covers all visitors that are estimated to use the ferry.

- For C1 Medium total direct jobs generated were 247, comprised of accommodation employees (79 FTE) and jobs associated with other spending by visitors on Phillip Island (168 FTE). The multiplier impacts of the spending of employees in the accommodation sector and in other visitor economy sectors generate an additional 43 jobs for a total of 291 jobs.
- For C2 Low total direct jobs generated were 199, comprised of accommodation employees (64 FTE) and jobs associated with other spending by visitors on Phillip Island (136 FTE). The multiplier impacts of the spending of employees in the accommodation sector and in other visitor economy sectors generate an additional 36 jobs for a total of 235 jobs.
- For C3 High total direct jobs generated were 429, comprised of accommodation employees (137 FTE) and jobs associated with other spending by visitors on Phillip Island (293 FTE). The multiplier impacts of the spending of employees in the accommodation sector and in other visitor economy sectors generate an additional 73 jobs for a total of 502 jobs.

Figure 11.14: *Ferry Impact – Regional Jobs Created (Phillip Island FTEs)*



Source: MCa Modelling & Analysis

profits) from the multiplier impacts of employee spending on the region. In the modelling of income generated, income tax and GST on spending, are both treated as leakages from the region.

Figure 11.15: *Economic Impacts of Ferry Operations – Jobs Generated in Visitor Economy Sector Annual by All Visitors (FTE no.)*

Full Year Operations	Ferry Operations Impacts Accommodation Sector (Jobs FTE)	Generated by Visitors Spending (Jobs FTE)	Total (Jobs FTE)
C1 Medium			
Direct Jobs	78.8	168.5	247.3
Indirect/induced Jobs (multiplier impacts)	17.9	25.4	43.3
Total Jobs	**96.7**	**193.8**	**290.6**
C 2 Low			
Direct Jobs	63.6	135.9	199.4
Indirect/induced Jobs (multiplier impacts)	14.7	21.0	35.7
Total Jobs	**78.2**	**156.9**	**235.1**
C3 High			
Direct Jobs	136.9	292.6	429.4
Indirect/induced Jobs (multiplier impacts)	28.6	44.1	72.7
Total Jobs	**165.5**	**336.6**	**502.1**

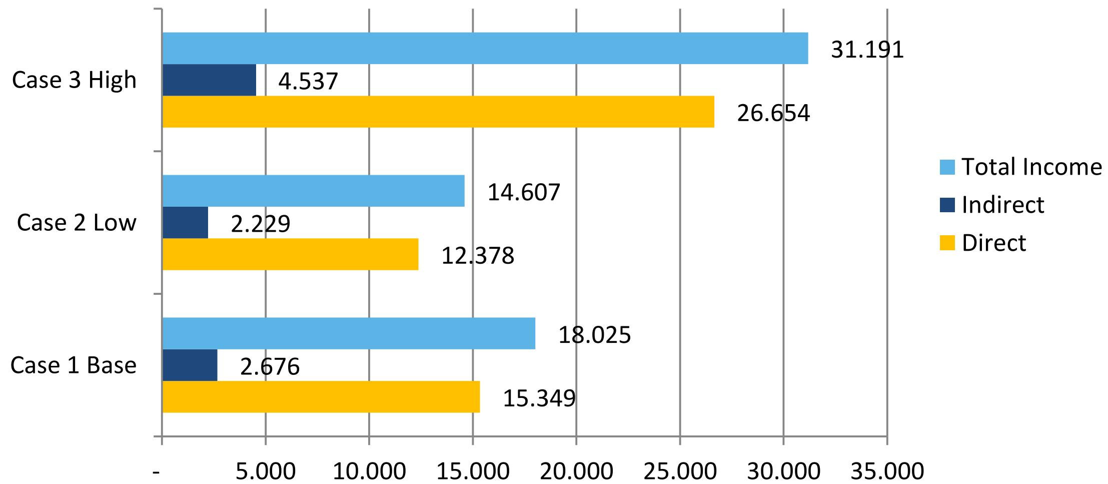
Source: MCa Modelling & Analysis

Regional Income Impacts

The impacts of the hotel development were also measured in terms of regional income that is generated in the Phillip Island tourist sector (in accommodation and other sectors) by the spending of the visitors who would travel by ferry.

- On the C1 Medium analysis, ferry visitors' spending generated would increase regional income in Phillip Island of $18.025 million annually, when direct and Indirect/induced impacts are taken into account.
- For C2 Low regional income would increase by $14.605 million and by $31.191 million for Case 3 High.

Figure 11.16: *Ferry Impacts – Increase in Regional Income ($ millions)*



Source: MCa Modelling & Analysis

The following table shows the components of this increase in regional income for each of the Cases.

Figure 11.17: *Economic Impacts of Ferry Operations - Increase in Regional Income Generated by All Visitors - Annual ($million)*

Full Year Operations	Phillip Island Accommodation Accommodation Sector ($ million)	Generated by Visitors Spending ($ million)	Total ($ million)
C1 Medium			
Direct	5.636	9.713	15.349
Indirect/induced	1.112	1.564	2.676
Total Regional Income ($m)	**6.748**	**11.277**	**18.025**
C 2 Low			
Direct	4.545	7.833	12.378
Indirect/induced	0.932	1.297	2.229
Total Regional Income ($m)	**5.477**	**9.130**	**14.607**
C 3 High			
Direct	9.787	16.867	26.654
Indirect/induced	1.820	2.717	4.537
Total Regional Income ($m)	**11.607**	**19.584**	**31.191**

Source: MCa Modelling & Analysis

A car ferry would have major impacts on the visitor market by improving accessibility to Phillip Island for a range of groups (overnight visitors, day visitors and coastal drive through visitors). In addition, international tour buses are likely to use the ferry as part of Great Ocean Road/Mornington Peninsula/Phillip Island visits (using a Phillip Island Ferry and the Sorrento/Queenscliff Ferry).

Building Connectivity through Integrated Transport

Providing access to the Island through marine services is not enough, the aim must be to build connectivity via integrated transport solutions. This needs to factor in key characteristics of the visitor economy including:

- **Car-oriented visitors** – The majority of visitors travel to the destination via car, and are likely to want to continue to do so in the future;
- **International and domestic demand will continue to grow** – South East Melbourne's forecast population growth will create 250,000 new residences where their closest surf beach will be on Phillip Island; and
- **Peak period congestion** – Seasonality in tourism travel patterns will continue to bring peak loads during events and public/school holiday periods.

For Phillip Island and San Remo's 2035 target to be achieved in a competitive marketplace, it is vital for the transport and tourism industries to work together with a shared focus on delivering an exceptional visitor experience. Efficient, reliable and affordable transport provides opportunities for visitors, as well as locals, to fully experience the region's attractions and events, resulting in increased expenditure and job creation.

In this sense, it is vital that the overall visitor experience is at the heart of planning - including initial pre-trip planning, the journey to and from the destination, in-destination travel and orientation, and the sharing of personal experiences via social media and personal interactions.

Figure 11.18: *The Visitor Experience Cycle*

The regional and local transport system plays a key role in the success of our tourism industry. Planning for growth and change is vital to ensure the system effectively connects visitors, places, goods and services. The Phillip Island and San Remo Visitor Economy Strategy 2035 must align with and inform local and regional transport plans and priorities. In this sense, the Phillip Island Integrated Transport Study (PIITS) which was adopted by Council in May 2014 forms a key policy context.

PIITS identifies the key challenge of meeting peak demand between now and 2030. The Study identified the vision for integrated transport as:

"A Transport Network that supports the ongoing development of Phillip Island as a year round destination in a safe, prosperous and sustainable way providing all residents, businesses and visitors the opportunity to access, enjoy and share in Phillip Island's unique attractions."

The priorities identified in the Study were guided by five key principles:
1. Transport network improvements;
2. Creating a vibrant and safe pedestrian and cycling network;
3. Better connections and integration across nodes;
4. Development of the transport network as an attractor; and
5. Partnerships with Victorian Government.

The major direction for initiatives identified in the Study includes road safety for all road users, equity of access onto the arterial road network with the emphasis being access to Phillip Island Road as the Island's key arterial link, and promotion of cycling and walking. VicRoads invested $100,000 during 2014-15 to further progress the planning, project development and stakeholder consultation in order to establish a robust scope and cost for key intersection improvements along the Phillip Island Road between San Remo and Cowes. It is anticipated that these proposals will be submitted to State Government for funding consideration as part of the 2016-17 State budget.

Car Parking Arrangements – Coastal Areas

The following tables summarise car park arrangements in selected coastal areas. All areas face major pressures on car parking during the peak seasons (Christmas/New Years and January holiday period, Australia Day long weekends and Easter). While most Councils have considered parking fees, they have been reluctant to introduce paid parking in beach areas (other than parking associated with boat ramps) and in resort areas (often due to trader concerns about impacts on business and discouragement of visitors) or to introduce time of year charging. Parking in off-street car parks and kerbside is generally free, but time regulated and rigorously enforce by rangers, especially during the peak periods.

Mornington Peninsula

In the case of Mornington Peninsula, during the peaks parking fills both formal and informal car parks and spills over to Nepean Highway kerbside parking and to adjacent residential streets. Back Beach car parks are regulated by Parks Victoria (as part of national park areas), with parking free and not time limited and very congested in peak periods. Entry charges to the parking areas were discontinued in 2013. To deal with congestion issues, Parks Victoria installs temporary electronic signs during peak periods to advise on the state of car parking areas and to encourage visitors to seek other locations.

Table 11.21: *Coastal Car Parking Arrangements in Mornington Peninsula Shire*

Council Controlled Locations	Car Parking Arrangements	Peak Seasons
<u>Town Centres</u> Rosebud Rye Sorrento Blairgowrie Portsea	Council regulated: • Free Parking – time limited (streets and car parks). • Mix of 1 hour and 2 hour parking. • Also major car parks at supermarkets. • Parking limits are enforced by Council Rangers.	• Same arrangements all year round but peaks are Summer Holiday and Easter periods. • Parking difficult in town centres - mainly summer and Easter. • Active enforcement of time limits by Council Rangers.
<u>Boat Ramps</u> Rye Sorrento Safety Beach Hastings Mornington (2)	• Ticketed parking adjacent to boat ramps (ticket machines). • Provision for cars and trailers. • Ticketing and limits are enforced by Council Rangers. • Fees are $12 or an annual permit fee of $125.	• Ticketing applies all year round. • Strong demand for spots in peak periods. • For Sorrento and Rye Ramps, car and trailer parking spills into nearby roads and Nepean Highway when car parks are full. • Active enforcement of time limits by Council Rangers.
<u>Bay Beaches</u> Rye Rosebud Sorrento Blairgowrie Portsea	Formal Parking Areas: • Free parking areas adjacent to piers at Rosebud, Rye and Portsea. Some time limits (eg. 3 hours). • Parking limits are enforced by Council Rangers. Informal Parking Areas: • Informal off road (unmade) parking areas adjacent to yacht clubs and camping areas: free and not time limited.	• Same arrangements apply all year round. • Parking pressure is only on in the peak periods of summer holidays and Easter or when special events are held. • Spill over parking goes to road side (Nepean Highway) and to residential streets. • At peaks it is hard to find car parks near to major beaches. • Shuttle bus arrangements are used for major events.

	Roadside Parking: • Roadside parking along the Nepean Highway (south side only): free not time limited. • Residential areas: Free parking in residential streets adjacent to the beach. • Active enforcement of road rules in terms of parking.	
Parks Victoria Controlled Locations	**Car Parking Arrangements**	**Peak Seasons**
Ocean Beaches Portsea Back Beach Sorrento Back Beach	• Parks Victoria control car parks at the back beaches. • Current arrangements: Car parks are not time limited and parking is now free. • Past arrangements: Up until 2013 had a system of collecting entry fees at gatehouse on the entry road. • Fees were: car day pass \$4.10; small bus \$13.00 and large bus \$21.60. Annual Pass (car) \$22.50. Fees were not collected in off season. Government decided to eliminate fees (but could be introduced again in future).	• Same arrangements apply all year round – with current free parking (all day/no overnight stays allowed). • Parking pressure is high in the peak season (summer and Easter). Major congestion in car parks as drivers look for spaces. • In peak season Parks Victoria uses portable electronic signs on entry roads indicating that car parks are full and to seek alternative parking. • Parks Victoria commissioned a feasibility study on ticket machines for paid parking in Back Beach car parks. The study concluded that the cost of maintaining the machines and enforcing payment (inspectors) would far out way revenue generated.

Noosa Shire

Noosa Shire has a mix of free/ time limited parking and free/all day parking at a number of sites. Parking time limits are enforced by rangers in the restricted areas. Noosa Shire Council has taken action on two fronts to deal with parking congestion in the holiday peaks. This involves the use of parkland as a temporary car park (Noosa Heads Lions Park) during the Christmas/New Year period and at Easter. To relieve motor vehicle congestion in Noosa at these holiday peaks, Council has introduced free bus travel during this period (in partnership with Translink) on existing routes and a shuttle bus between Peregian and Noosa. This is designed to reduce traffic and take some pressure off the car parks during peak periods.

Table 11.22: *Coastal Car Parking Arrangements in Noosa Shire*

Locations	Car Parking Arrangements	Peak Seasons
Noosa Head	• Hastings Street Area: - Off street car parks are free but time restricted (mostly 2-3 hours). - Kerbside parking is free and time restricted 1 hour. • Noosa Bus Interchange: some all-day free parking in adjacent car	• Major seasonal peak demand on car parking in summer holiday periods - Christmas/New Year, Australia Day and Easter Period. • Additional Parking: in peak periods. Noosa Heads Lions Park is used for car parking in Christmas period and at Easter. This is managed by the Service

	park. • Timed parking is enforced by Council Rangers. • Noosa River Park: all day free parking (no overnight stays). • Noosa National Park: free parking no time limits (no overnight stays). • Noosa Heads Shopping Centre: free time limited in car parks and on street (between 1 and 3 hours depending on location).	Clubs who charge a day parking fee of $10. Funds go to the Service Clubs under an arrangement with Noosa Council. • Holiday Peak Periods: free buses: Saturday 26 December 2015 – Sunday 3 January 2016 ; and • Friday 25 March 2016 – Sunday 3 April 2016. Partnership between Council and Translink. • Noosa Triathlon: shuttle buses operate from Noosa Heads Shopping Centre Car parks.
Other Areas	• Noosa Council also operates off-street parking areas in: Pomona, Cooroy, Tewantin, Sunshine Beach, Peregian Beach and Noosaville. • Parking is free but time limited. • Timed parking is enforced by Council Rangers.	• No special arrangements for peak seasons. • Free holiday buses in peak periods link Noosa to Tewantin, Sunshine Beach, Peregian Beach, Noosaville and a shuttle from Peregian Beach to Noosa Heads.

Game Changer Project Actions	Responsibility (bold to lead)	Timing
Obtain an agreement in principle to consider **options for a vehicle ferry service** between Phillip Island and the Mornington Peninsula.	**BCSC**, PTV, RDV, MPSC	Medium Term
Determine the level of **State Government assistance** that will be required for infrastructure costs at Stony Point and Phillip Island.	**BCSC**, PTV, RDV, MPSC	Medium Term
Identify what **future opportunities** are there through Public Transport Victoria, for **combining the present passenger ferry service between Stony Point (to connect with rail network) and Tankerston, French Island and a newly proposed vehicle ferry service between Phillip Island and Stony Point**, and if so, what level of financial support could realistically be expected.	**BCSC**, PTV,RDV, MPSC	Medium Term
Continue to support the **Sydney - Melbourne Coastal Drive** creating **new itineraries** and encouraging **more products** to participate in activities in the **international market**.	**DPI,** DG	Medium Term
Prepare a **Drive Market Action Plan** for Bass Coast and Gippsland drawing on the visitor forecasts and the potential identified for the touring market. This plan would provide guidance on the signage, messaging and pre-trip planning information required to encourage dispersal.	**BCSC,** DPI, DG	Medium Term

Game Changer Project 8: *Iconic Infrastructure*

Game Changer Project Actions	Responsibility (bold to lead)	Timing
Work with VicRoads and RDV to prepare a **Strategic Plan for the future development of Phillip Island Road.**	**BCSC**, VR, PIITS, CRG	Short Term
Develop a **Cycle Strategy for riding path prioritisation** across the region.	**BCSC**, Nature Parks	Medium Term
Investigate the potential to **extend the Bayside Coastal Indigenous Trail** to San Remo and Phillip Island to become a longer walking / cycling experience that conveys further stories about Boon Wurrung culture and heritage.	**BCSC**, DELWP, BWF	Short Term
Prepare a master plan for the **redevelopment of a tourism precinct at Back Beach in San Remo.**	**BCSC**, SRFC, SRBTA	Medium Term
Investigate the potential development of **cross-country mountain bike trails** in the San Remo Hinterland and links back to Kilcunda and the establishment of San Remo as a mountain bike destination.	**BCSC**	Medium Term
Prepare a **Car Parking Strategy** for all main townships in the municipality, particularly Cowes, and implement recommendations of relevant land use planning.	**BCSC**	Medium Term
Investigate the feasibility of **planning overlay for "walking strips"** where Council can lease 5m strips of farming land.	**BCSC**	Long Term
Deliver a **long term vision for in-destination travel and orientation following SmartRoads principles** which results in a lower reliance on vehicles, with routes prioritised for walking, cycling and public transport where appropriate.	**BCSC**, VR	Long Term
Establish a safe bicycle-pedestrian path network around San Remo, Newhaven and Cape Woolamai, connecting the foreshore, commercial centres, public open space areas and existing regional recreational trails, including the George Bass Coastal Walk and the Phillip Island Trail.	**BCSC**, Nature Parks	Long Term
Expand **non-motorised marine parks** around the Island (i.e. ban motorised watercraft from some locations).	**Nature Parks**, PPWCMA	Long Term
Continue to **improve parking and access via boat ramps** as demand grows.	**BCSC**	Long Term
Implement paid car parking **at highly visited locations during peak months and assess the long term viability of a** bridge toll.	**BCSC**, Nature Parks	Long Term

Game Changer Project 9: *Develop the San Remo Foreshore*

Game Changer Project Actions	Responsibility (bold to lead)	Timing
Identify the ideal location for a park'n'ride facility **in/near San Remo.**	**BCSC**, SRFC	Medium Term
Support the development of the seafood industry **to deliver local seafood directly to visitors.**	**RDV**, DPI	Long Term

Game Changer Project 10: *Implement the Summerlands Peninsula Masterplan*

Game Changer Project Actions	Responsibility (bold to lead)	Timing
Determine the level of **State Government assistance** that will be required for infrastructure costs and build an economic case.	**Nature Parks,** BCSC, DPI, RDV	Medium Term

Appendix 12

Managing Growth – Planning Scheme Inclusions

The current Bass Coast Shire Planning Scheme is supportive of both sustainable development and tourism growth, which aligns with the goals, objectives and approaches outlined in the Phillip Island and San Remo Visitor Economy Strategy 2035. The Planning Scheme builds on the *Gippsland Regional Growth Plan* (Victorian Government, 2014), which identifies the planning objective as a diversified economy, planned growth, sustainable communities and infrastructure and the need to:

- Create vibrant and **prosperous town centres;**
- Support the development of industry sectors that **increase employment** (particularly knowledge industries and tourism);
- **Avoid loss of areas of strategic significance** (agriculture and forestry);
- Support transition to a **low-carbon economy**;
- Facilitate tourism in **strategic tourism investment** areas (including Phillip Island);
- Support **nature-based tourism** in strategic tourism investment areas;
- Support Gippsland's **fishing industry** (including San Remo);
- **Protect significant inland and coastal landscapes**;
- **Plan for increased demand** on services and infrastructure in towns with high holiday home ownership; and
- Support **improvements to the road, rail and public transport networks**.

The *Gippsland Regional Growth Plan* (Victorian Government, 2014) recognises Phillip Island as one of seven Strategic Tourism Investment Areas, and identifies the need to support growth (rather than promote growth) in the 'town' of Cowes and the 'small town' of San Remo. Wonthaggi is the nearest 'regional centre' where growth is to be promoted under the Plan. The *Bass Coast Planning Scheme* has an identified priority to facilitate tourism (Clause 17.01):

> ***To encourage tourism development to maximise the employment and long-term economic, social and cultural benefits of developing the State as a competitive domestic and international tourist destination.***

This objective is facilitated through two identified strategies:

1) **Encourage the development of a range of well-designed and sited tourist facilities**, including integrated resorts, motel accommodation and smaller scale operations such as host farm, bed and breakfast and retail opportunities.

2) Seek to **ensure that tourism facilities have access to suitable transport** and be compatible with and build upon the assets and qualities of surrounding urban or rural activities and cultural and natural attractions.

The Local Planning Policy Framework (Section 20) sets the parameters for the future development of tourism across the Shire. This includes the Municipal Strategic Statement (Section 21) which specifically recognises tourism and provides objectives and strategies for specific local areas.

WHAT CHANGES ARE REQUIRED?

The tourism objective and the supporting strategies align with the aspirations of the Phillip Island and San Remo Visitor Economy Strategy 2035. The Municipal Strategic Statement will need to be updated to reflect the findings of the Strategy, in particular:

- Inclusion of updated Phillip Island and San Remo Visitor Economy Strategy 2035 vision and goals in Section 21.03-4;
- Addition of Precinct Intent Statements into a Tourism Policy in Section 22;
- Create a Development Plan Overlay (DPO) and achieve the Austrade Tourism Major Project Facilitation (TMPF) status for the Isle of Wight and Continental Hotel sites;
- Stipulate the desired threshold and appropriate developer contributions linked to public infrastructure and environmental restoration; and
- Establish a Special Charge for tourism and economic development targeting 'off-peak' economic drivers.

A detailed breakdown of the current planning scheme requirements facing the catalyst projects and the recommended amendments is provided below.

Precinct Plan Amendments and Recommendations

San Remo

The Bass Coast Shire Planning Scheme identifies San Remo as 'a hub for the local community', and is designated as a growth node by State Government Policy - *Coastal Spaces* (April 2006). It highlights that the quality of the built form is generally poor with little historic character.

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.02-1**	• District Town with moderate spatial growth capacity that will be encouraged to accommodate some growth beyond existing urban zoned land and through infill development.
Tourism Areas **21.03-4**	• *Retail Centre*: Areas zoned Mixed Use along Phillip Island Road east of the San Remo business centre. • *Rural Hinterland:* The Cliffs golf course south of the Anderson Peninsula ridgeline in San Remo, between Potters Hill Road and Punch Bowl Road.
Objectives and Strategies **21.08-3**	• Encourage the development of short-term tourist accommodation such as holiday units and cabins. • Encourage a diverse range of restaurants and entertainment facilities. • Establish a safe bicycle-pedestrian path network around San Remo, Newhaven and Cape Woolamai connecting the foreshore, commercial centres, public open space areas and existing regional recreational trails, including the George Bass Coastal Walk and the Phillip Island Trail.
Local Area Implementation **21.08-3**	**Settlement, Landscape and Built Form** • The San Remo, Newhaven and Cape Woolamai Structure Plan defines the town boundary for residential development and precincts for consolidated commercial areas (see Strategic Framework Plan Map). • Encouraging new development to be consistent with the established fishing village character.

	• Applying the design guidelines of the Phillip Island and San Remo Design Framework. • Encouraging the redevelopment of the commercial town centre to improve design, integration with the foreshore and provide a wide variety of retail type uses. **Land Uses** • Encouraging tourist development to areas zoned Mixed Use along Phillip Island Road east of the San Remo business centre. This includes an extension of the existing Mixed Use Zone to Panorama Drive. • Encouraging the location and development of motels, restaurants, and retail outlets on larger lots in the commercial area - Phillip Island Road, east of Back Beach Road. • Concentrating the San Remo commercial area to the southern edge of Marine Parade. • Developing Marine Parade between Bergin Grove and Woolamai Grove for cafes, hotels, restaurants and open space. • Facilitating the development of tourism related activities in designated areas promoting commercial tourism at identified locations, with main road frontage and recreational based tourism to the south of the Anderson Peninsula ridgeline. • Retaining rural land uses outside of designated settlement boundaries, and allowing for appropriate recreational tourism uses, which are non-residential. • Facilitating a future neighbourhood centre for commercial and community purposes within the San Remo residential growth area. • Encouraging higher density tourist accommodations (up to 3 storeys) in the San Remo town centre that exhibit excellence in design. • Encouraging active street frontages on Marine Parade with an emphasis on retail, cafes, galleries and restaurants at street level. • Encouraging the redevelopment of the corner of Back Beach Road and Marine Parade with a landmark building. **Infrastructure** • Undertaking an investigation into all movement and connection options including an east-west pedestrian and local road link between old and new San Remo to alleviate issues of access and community integration. • Making provision for a new road, facilitating access to future residential development east of Potters Hill Road, and in doing so also providing for an alternative road access into San Remo. • Making provisions for a pedestrian and cycle trail network in accordance with the Parks and Trails Plan. • Upgrading Shetland Heights Road such that it provides an alternate access to San Remo. • Ensuring that any future requirement to duplicate the Phillip Island Bridge is not precluded by any incompatible development in the vicinity of the existing bridge. • Exploring options for additional educational facilities within San Remo to cater to the needs of the growing population in future residential growth areas.

Priorities in Other Strategies	***Phillip Island Strategic Tourism Plan (2014-19)*** • Developing a marina as part of the foreshore redevelopment. • Developing infrastructure in San Remo to support more day visitors (loop road, car-parking, waterfront precinct). ***San Remo Structure Plan (2015)*** • Installing multiple safe crossing points to connect activities on either side of Marine Parade Road. ***San Remo Wharf Precinct Opportunities*** • Developing a new look for foreshore including: - The Fish Co-Op shop with museum and Tourist Information Centre; - Replacing the current wall on the Foreshore beach to improve erosion control and safety; and - Removing the drainage pipe adjacent to the San Remo Wharf. • Replacing the current Foreshore toilet block.

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

Precinct Intent Statement

San Remo will become a destination in its own right; a lively fishing village with a thriving commercial strip on Marine Parade, a variety of recreational and water-based activities and improved public open spaces on the foreshore. Visitors will have a number of sub-precincts to choose from including a new marina and foreshore adjacent to Marine Parade, coastal parkland with visitor facilities adjacent to a redeveloped Caravan Park and the Back Beach Tourism Precinct. Each precinct will be clearly signed, linked with walking and riding trails, provide appropriate car parking and be designed for peak demand.

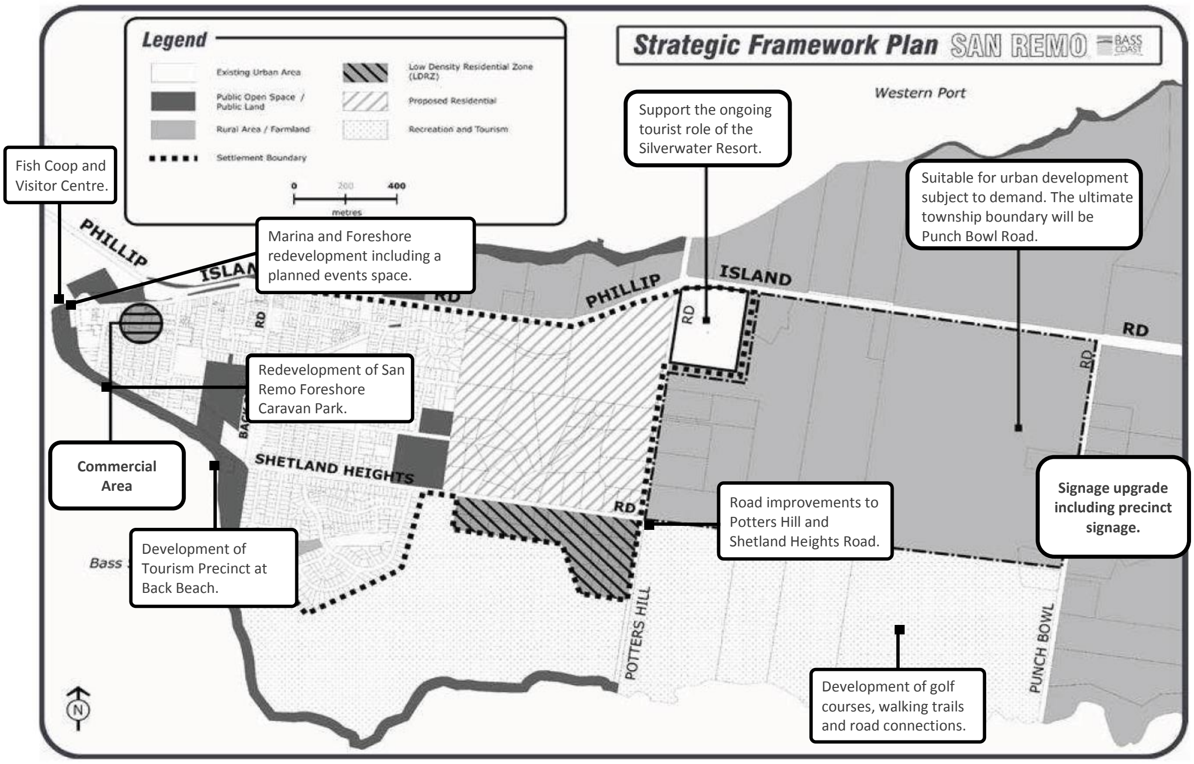
San Remo Precinct Priorities

Priorities from Current Plans:

- Sealing Potters Hill Road and Shetland Heights Road
- A pedestrian and cycle trail network in accordance with Pathways Network Plan
- Development of a high quality, 18 hole, golf resort

Additional Tourism Priorities (2035)

- Foreshore redevelopment including a planned events space
- Master planning and development of a tourism precinct at Back Beach (San Remo)
- Redevelopment of the San Remo Foreshore Caravan Park to better link to the Back Beach Precinct
- Signage upgrade including precinct signage
- Redevelop the Fishermen’s Co-operative as part of a quality dining and experience precinct



Strategic Framework Plan SAN REMO
Legend
Existing Urban Area
Public Open Space / Public Land
Rural Area / Farmland
Settlement Boundary
Low Density Residential Zone (LDRZ)
Proposed Residential
Recreation and Tourism
0
200
400
metres
Western Port
Support the ongoing tourist role of the Silverwater Resort.
Fish Coop and Visitor Centre.
Suitable for urban development subject to demand. The ultimate township boundary will be Punch Bowl Road.
Marina and Foreshore redevelopment including a planned events space.
PHILLIP ISLAND RD
Redevelopment of San Remo Foreshore Caravan Park.
SHETLAND HEIGHTS RD
Commercial Area
Signage upgrade including precinct signage.
Road improvements to Potters Hill and Shetland Heights Road.
Development of Tourism Precinct at Back Beach.
Bass
POTTERS HILL
PUNCH BOWL
RD
Development of golf courses, walking trails and road connections.
N

Rhyll

Rhyll Inlet and the surrounding environment is home to significant flora and fauna habitats recognised globally through its listing on the Ramsar Convention. The area provides a range of habitats that are enjoyed by tourists and residents alike. It is important to maintain and enhance the visitor experience of the area.

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.02-1**	• Town with low spatial growth capacity which will be encouraged to contain growth within existing urban or appropriately zoned land, primarily through infill capacity and defined settlement boundaries.
Tourism Areas **21.03-4**	• Areas zoned Mixed Use along the foreshore.
Objectives and Strategies **21.09-2**	• Encourage new tourist development to be sited and designed to minimise its impact on the natural environment and landscapes. • To prevent an increase in visible development at the coastal edges, and to reduce the visual intrusion of existing development. • To protect the natural and undeveloped character of the coastal strip between Rhyll and Newhaven. • To maintain the dominance of the open rural landscape and cultural vegetation patterns. • To protect landscape character and attributes that are consistent with the Aboriginal cultural heritage values of the area. • To recognise and protect the landscape of the Phillip Island Eastern Coast as a place of significant Aboriginal cultural heritage value. • Ensure that any development is consistent with the prevailing character of the area and is only located in areas where there is adequate infrastructure and community services.
Local Area Implementation **21.09-2**	**Settlement, Landscape and Built Form** • The Rhyll Structure Plan defines the town boundary for residential development and precincts for consolidated commercial areas as the Rhyll-Newhaven Road, Hastings Road and McIlwraith Road. • Ensuring that future development is high quality and has an appropriate scale for the compact nature of the urban area of Rhyll. • Limiting building form to be a maximum of two storeys in height (7 metres from natural ground level to top of wall and 8 metres from natural ground level to the ridgeline). • Maintaining the roadside vegetation in Rhyll and on the approaches into the urban area. **Land Uses** • Encouraging a mix of densities without compromising the coastal village character. • Limiting commercial development to the existing area of Beach Road facing the eastern foreshore and the existing shop at the corner of Walton Street and Lock Road.

Priorities in Other Strategies	***Bass Coast Rural Land Use Strategy (2014)*** • Assigning rural conservation zone to land adjacent to the Rhyll inlet and Conservation Hill Reserve. ***Boating Coastal Action Plan*** • Upgrading the Rhyll boating facilities. ***Phillip Island and San Remo Design Framework*** • Developing a marine/historical education facility in Rhyll. ***Phillip Island Nature Parks Strategic Plan (2012-17)*** • Developing of the Transfer Station and Wetlands enhancement.

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

Precinct Intent Statement

The small-scale charm of Rhyll will remain as its population grows, with improved streetscapes, well designed open spaces and well integrated built form. The foreshores will be upgraded and improved, allowing for small scale tourism developments including B&Bs and restaurants. The surrounding rural area will be better connected to form a series of nodes for recreation, water based activities, new tourism accommodation and conservation in the rural zone.

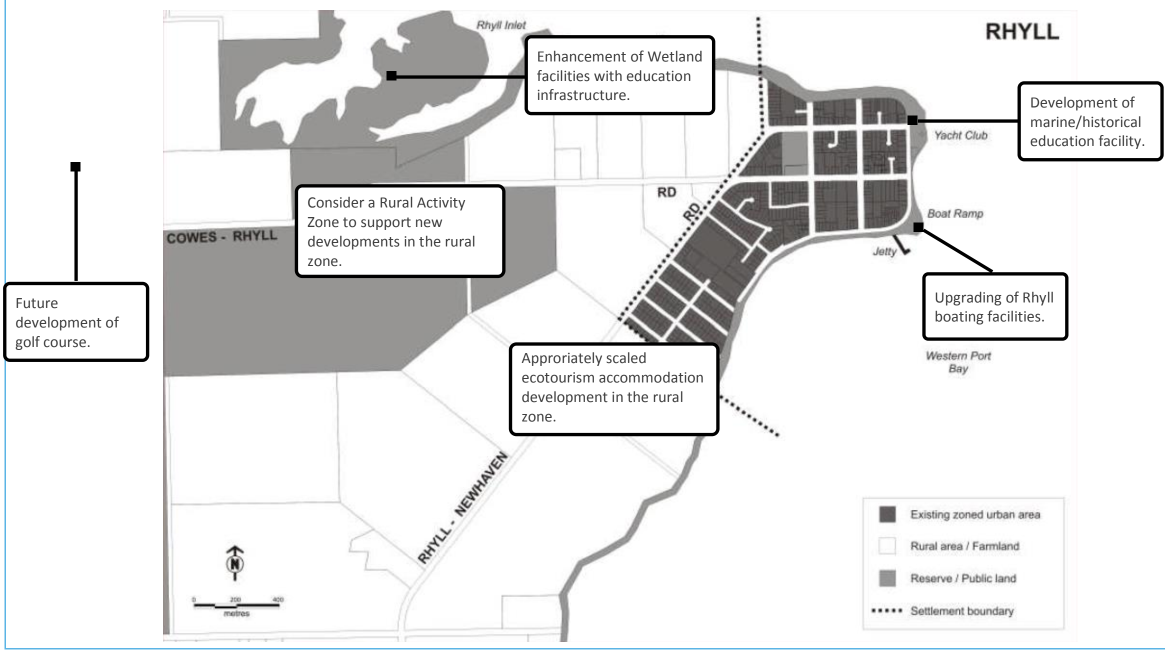
Rhyll Precinct Priorities

Priorities from Current Plans:

- Upgrading the Rhyll boating facilities
- Development of a marine/historical education facility in Rhyll

Additional Tourism Priorities (2035)

- Appropriately scaled ecotourism accommodation development in the rural zone
- Enhancement of the wetland facilities at Rhyll with education infrastructure (bird hides, boardwalks)



Newhaven

Newhaven has a well-established, post war construction, detached dwelling residential core. A small strip of two storey shops on Forrest Avenue forms a local business node. The Primary School, College and associated playing fields provide a visual and auditory buffer to the small industrial area. Newhaven has an identity as an established community and a precinct for education and heritage.

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.02-1**	• District Town with moderate spatial growth capacity. Will be encouraged to accommodate some growth beyond existing urban zoned land and through infill development.
Tourism Areas **21.03-4**	• The land abutting the north side of Phillip Island Road, between Boys Home Road and Woolamai Beach Road, and on the south side of Phillip Island Road between Beach Street and the Visitor Information Centre. • This area is zoned Mixed Use, Farming and Public Conservation and Resource Zone and provides for a range of tourist development responsive to surrounding land uses.
Objectives and Strategies **21.08-4**	• Encourage new tourist development to be sited and designed to minimise its impact on the natural environment and landscapes. • Improve and upgrade facilities in the existing Newhaven Gateway Park. • Establish a new coastal boardwalk to link Churchill Island with Newhaven and beyond. • Encourage the redevelopment of the site on the corner of Forrest Avenue and Anderson Street. • Create a new tourism precinct on the land adjacent to the north side of the Phillip Island Road between Boys Home Road and the Public Conservation and Resource Zone. • To prevent an increase in visible development at the coastal edges of Rhyll and Newhaven, and to reduce the visual intrusion of existing development. • To protect the natural and undeveloped character of the coastal strip between Rhyll and Newhaven. • Establish a safe bicycle-pedestrian path network around San Remo, Newhaven and Cape Woolamai, connecting the foreshore, commercial centres, public open space areas and existing regional recreational trails, including the George Bass Coastal Walk and the Phillip Island Trail.
Local Area Implementation **21.08-4**	**Settlement, Landscape and Built Form** • The San Remo, Newhaven and Cape Woolamai Structure Plan establishes a clear direction for the future physical form of Newhaven in that it defines a town boundary for residential development and precincts for consolidated commercial areas. • Reinforcing Newhaven's identity as an established community and a precinct for education and heritage. • Limiting building form to a maximum of two storeys in height (7 metres from natural ground level to top of wall and 8 metres from natural ground level to the ridgeline). • Increasing residential densities via urban consolidation that respects established character will be encouraged within the residential areas of Newhaven. • Recognising the limitations of Amendment C82 and the proposed changes to the Bass Coast Planning Scheme maps necessary to apply the Land Subject to Inundation Overlay (LSIO), in particular the northern section of the tourism

	precinct between Boys Home Road and the Public Conservation and Resource Zone. **Land Uses** • Limiting development to small accommodation uses such as bed and breakfast. • Creating a protective buffer between the environmentally sensitive intertidal zone and land to the west of Newhaven. **Infrastructure** • Upgrading and improving intersections, on-street parking and carriageways on Forrest Avenue, Cleeland Street, Seaview Street and Anderson Street to facilitate a loop-road access system for the Newhaven Marina and boat ramp traffic. • Making provisions for pedestrian and cycle trails in accordance with the Newhaven Parks and Trails Plan. • Improving and upgrading facilities within the Newhaven Oval Reserve.
Priorities in Other Strategies	***Phillip Island Strategic Tourism Plan (2014-19)*** • Jetty refurbishment of existing shed to provide a new café and dining venue. ***Phillip Island Nature Parks Strategic Plan (2012-17)*** • Churchill Island Conference Facility Development. • Developing museum, standard exhibition space, curation of the historical collections, expanded customer service facilities, indigenous heritage and European heritage for Churchill Island. ***Other State Strategies*** • Roundabout development at Samuel Arness Drive (VicRoads). • Upgrading Newhaven boating facilities (Boating Coastal Action Plan). ***Other Local Strategies*** • Marking entry points to create sense of arrival at the regional and local level for both Phillip Island and San Remo including the Anderson Roundabout (Phillip Island and San Remo Design).

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

Precinct Intent Statement

Newhaven will remain a small and picturesque coastal township, with improved commercial facilities. It will become a more attractive gateway to Phillip Island and will build on its strengths: its heritage, educational and event facilities (Churchill Island) and sheltered foreshore. The addition of at least one significant accommodation development will support the future development of the education precinct as well as supporting the growth of marine based tourism, agriculture and retail.

Newhaven Precinct Priorities

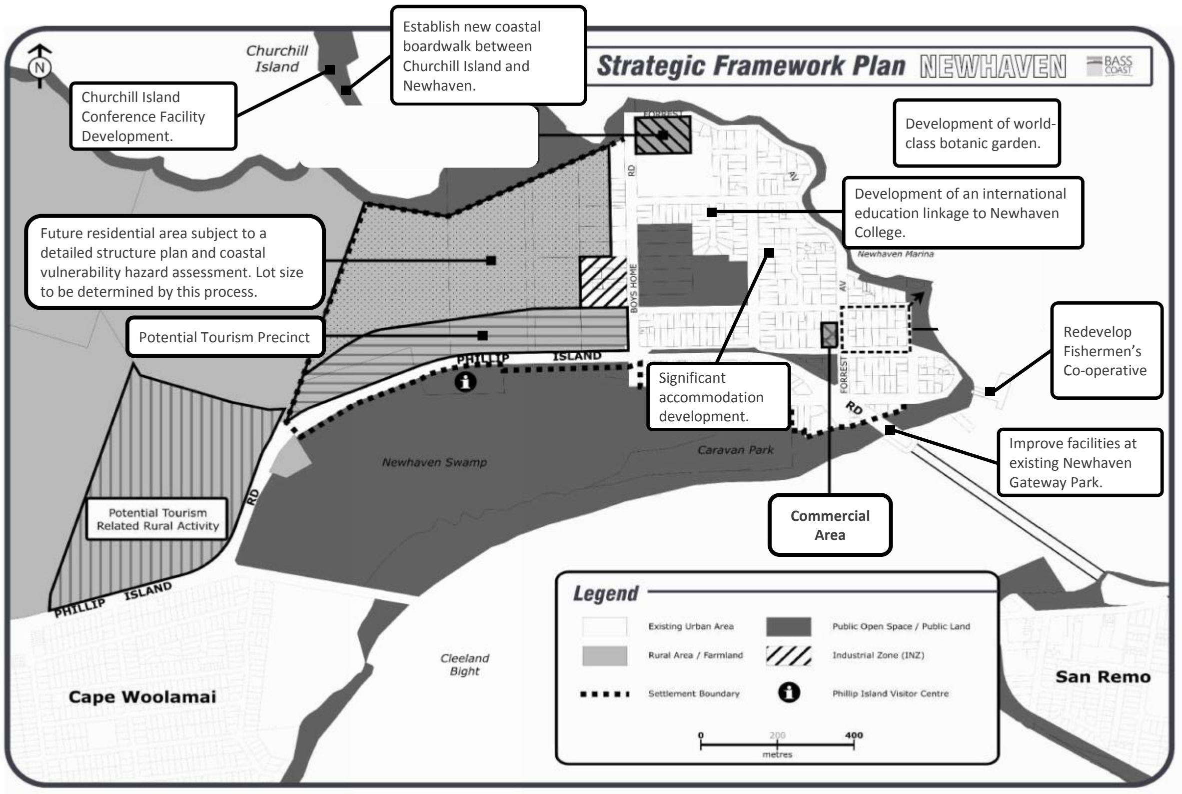
Priorities from Current Plans:

- Establish a safe bicycle-pedestrian path network around San Remo, Newhaven and Cape Woolamai, connecting the foreshore, commercial centres, public open space areas and existing regional recreational trails, including the George Bass Coastal Walk and the Phillip Island Trail
- Establish a new coastal boardwalk to link Churchill Island with Newhaven and beyond

Additional Tourism Priorities (2035)

- Investigate the potential for a dining experience and opportunities around the Newhaven Yacht Club and wharf precinct
- Churchill Island Conference Facility Development

- Development of a world-class botanic garden
- Expansion of the Education Precinct through international partnerships in tourism, conservation and sustainable community development
- Allowing for one significant accommodation development within the town boundaries, following a call for Expressions of Interest
- Improve and upgrade facilities in the existing Newhaven Gateway Park



Cowes

Cowes is the largest settlement on Phillip Island. It has distinct roles as the main holiday town, and as the principal community and retail service centre.

While the main tourism precinct is on and adjacent to Thompson Avenue, the more traditional residential areas around the core are interspersed by caravan parks and other forms of tourist accommodation. The character of Cowes is also defined by a number of different vegetation types. The vegetation located around the foreshore and Thompson Avenue has historical and cultural importance. The Golden Cypress Avenue that leads along Thompson Avenue is an iconic feature important to the town's identity. The established urban areas and streets within Cowes and Cowes Central are primarily planted with mature native trees and significant coastal vegetation closer to the foreshore areas.

Over half of the existing building stock is unoccupied for the majority of the year however; Cowes does have the highest permanent resident population on the Island.

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.02-1**	• District Town with moderate spatial growth capacity. Will be encouraged to accommodate some growth beyond existing urban zoned land and through infill development.
Tourism Areas **21.03-4**	• Thompson Avenue is the location for the majority of commercial, retail, community, tourism, and health services. • Much of the larger scale holiday accommodation including apartments, hotels and motels are located in proximity to the northern section of Thompson Avenue and along the Cowes Foreshore.
Objectives and Strategies **21.08-5**	• Reinforce the role of Cowes generally, and Thompson Avenue specifically, as the major commercial centre for Phillip Island and provide for projected growth for business uses in this area. • Develop a high quality urban environment with a built form that is responsive to the Cowes coastal setting and protects the seaside character of the foreshore. • Preserve and enhance existing open space and recreation facilities, and create new areas of open space and recreation facilities connected through a series of accessible wildlife corridors. • Encourage the concentration of major retail, commercial, administrative, entertainment and cultural developments into an extended Central Cowes Activity Centre. • Create an effective and efficient road network throughout the year, accounting for seasonal changes in vehicle volumes and movements. • Provide for improved pedestrian and cycle connectivity within and between settlements.
Local Area implementation **21.08-5**	**Settlement** • Limiting land available for urban development to land contained within the defined settlement boundaries set out in the Cowes & Silverleaves Strategic Framework Plan. • Providing residents and visitors with convenient access to day to day goods and services outside of the major commercial centre. • Acknowledging and planning for the impacts of climate change, in particular impacts associated with predicted sea level rises and storm surge events. • Providing opportunities for the establishment of tourism-based use and development in highly accessible locations adjacent to the coast. **Landscape and Built Form** • Integrating housing, work, shopping, recreation, and community services in Central Cowes, to provide a mix and level of activity that attracts people, creates a safe environment, stimulates interaction, and provides a lively community focus. • Ensuring that new development in Thompson Avenue does not impact on the health of the heritage listed Golden Cypress trees. • Ensuring that parking does not dominate street frontages. • Within **Thompson Avenue** – General policies: - Establishing a high level of interaction between indoors and outdoors by encouraging commercial development such as cafés and convenience retail at ground floor along Thomson Avenue; - Encouraging active retail and entertainment uses at street level to create a vibrant pedestrian environment; and

	- Ensuring that all commercial development is of a high standard and complies with the Design Guidelines for the Island. • On the Key development site – **corner of The Esplanade and Thompson Avenue**: - Ensuring redevelopment is carefully designed to protect, enhance and maximise the existing views of the water from within the town; - Making a feature of the public realm at the corner of The Esplanade and Thompson Avenue as part of any redevelopment of the corner sites; and - Maximising opportunities for activity at ground level by ensuring that buildings actively address and open out onto The Esplanade and Thompson Avenue. • Within Thompson Avenue – **between The Esplanade and Chapel Street**: - Encouraging specialist retail, cafés and restaurants to provide a visually cohesive street frontage; and - Creating pedestrian links between rear of shop car parking and the street – encourage the redevelopment of current buildings to allow for this to take place. • Within Thompson Avenue – **between Chapel Street and Church Street**: - Encouraging a landscape frontage to the street in keeping with the existing building settings. • Within Thompson Avenue – **between Church Street and Settlement Road**: - Encouraging the development of high quality accommodation with commercial activity at street level and the first floor. • Within Thompson Avenue – **between Settlement Road and Ventnor Road**: - Maintaining existing streetscape character by positioning buildings with setbacks reflecting existing building setbacks along this part of Thompson Avenue. • Within **The Esplanade**: - Incorporating safe, pedestrian links within new developments from The Esplanade through to car parking areas at the rear of shops; - Encouraging the use of decks to upper storeys and animate the buildings through active uses, such as dining; and - Encouraging contemporary and high quality development design. • On the Landmark site – **The Isle of Wight Hotel**: - Maximising opportunities for a high level of activity at ground level including open shop fronts, balconies and street vendors where appropriate; - Avoiding obscuring glimpses of the sea that can be viewed from within the town; - Retaining and protect the existing Moreton Bay Fig on the Isle of Wight site. - Limiting vehicular access to the rear or side of the site – avoid vehicular crossovers on The Esplanade; - Maximising opportunities for views between the building and the outside; - Ensuring that the development presents active frontages to The Esplanade and Bass Avenue; and - Concentrating mixed use and tourism friendly developments within the northern section of Thompson Avenue and along The Esplanade from Warley Avenue to Steele Street. • On the **link roads leading to the Esplanade** (Findlay Street, Bass Avenue, Warley Avenue): - Ensuring that any new buildings present an active frontage and that car parking is located towards the rear of the site.

	Infrastructure • Maximising the efficient use of all car parking provided within the Cowes commercial area and providing a high level of public access. • Providing adequate car parking facilities to be established in proximity to tourist attractions, recreation destinations, the coastline and commercial activity centres. • Investigating the introduction of a Mixed Use Zone with underlying policy support to manage and guide mixed use development along Thompson Avenue between Settlement Road and the Ventnor/Cowes Rhyll Road. • Undertaking a feasibility study to determine the requirements of facilitating a north-south link road as indicated in the Thompson Avenue Precinct Plan. • Investigating options for improved utilisation of the Cowes Cultural and Civic Precinct for community and civic uses in accordance with identified community needs. • Developing a Parking Precinct Plan for the Cowes Central Activity Area and preferred locations for higher density development. • Preparing a master plan to implement the key actions identified for the Cowes Foreshore Precinct as set out in the Phillip Island and San Remo Design Framework. • Investigating the introduction of a Mixed Use Zone with underlying policy support to manage and guide mixed use development along Thompson Avenue between Settlement Road and the Ventnor/Cowes Rhyll Road. • Finalising and implementing the Cowes, Ventnor, Silverleaves and Wimbledon Heights Structure Plan and incorporating this into the Bass Coast Planning Scheme as a reference document.
Priorities in Other Strategies	***Victoria's Regional Tourism Strategy (2013)*** • Developing ferry infrastructure between Cowes and Stony Point with the possibility of vehicular access. ***Cowes Activity Centre Plan (2015)*** • Renovating the Jetty Triangle to create a primary events space. • Upgrading of the Cultural Centre and development of the Transit Centre with carpark and transit stop. • Developing of major bikeway and footpath infrastructure throughout all Cowes transport areas. • Improving boardwalks, footpath, and parking areas on the Foreshore Esplanade and along Lovers Walk to Coghlan Road. ***Traffic and Parking Management Plan (2010)*** • Converting two-way traffic to one-way traffic in The Esplanade between Bass Avenue and Thompson Avenue. • Converting two-way traffic to one-way traffic in Thompson Avenue between The Esplanade and Chapel Street. • Providing a roundabout in The Esplanade at Bass Avenue, Cowes. ***Phillip Island Strategic Tourism Plan Annual Status Report (2014-15)*** • Establishing a viable car ferry link to the Mornington Peninsula to open up coastal touring market links supporting regional dispersal to Gippsland. ***Boating Coastal Action Plan*** • Supporting the ability to accommodate cruise ships at Cowes through improvements to the Jetty infrastructure to accommodate tenders at all tides.

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

Precinct Intent Statement

Cowes will remain the premier destination of Phillip Island, with new hotel and conference facilities, a stunning esplanade, new cultural event facilities, jetty facilities and improved access by passenger and car ferry from the Mornington Peninsula. As it grows and improves it will retain its seaside character and fine-grained built form and will have more attractive places for people to stay and explore.

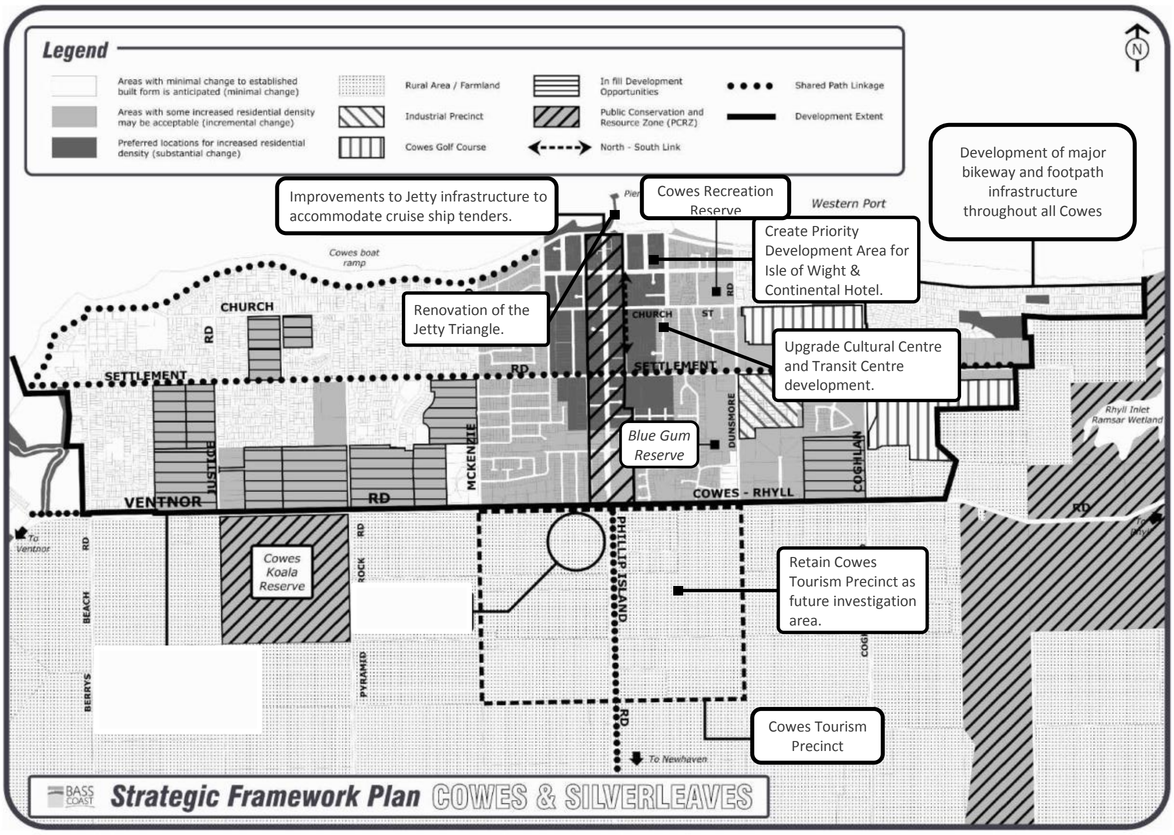
Cowes Precinct Priorities

Priorities from Current Plans:

- Renovation of the Jetty Triangle to create a primary events space
- Upgrade of the Cultural Centre and development of the Transit Centre with carpark and transit stop
- Development of major bikeway and footpath infrastructure throughout all Cowes transport areas
- Retain the Cowes Tourism Precinct (south of Cowes-Rhyll Road) as a future investigation area.

Additional Tourism Priorities (2035):

- Redevelop the Isle of Wight and Continental Hotel sites
- Encourage branded hotel accommodation development within the Mixed Use Zone between The Esplanade and Chapel Street
- Investigate the environmental effects of a car ferry on suitable sites (such as the area between the Cowes Yacht Club and the Cowes boat ramp) to allow for the future development of vehicular ferry access infrastructure between Cowes and Stony Point.
- Support the ability to accommodate cruise ship tenders at Cowes through improvements to the Jetty infrastructure to accommodate tenders at all tides



Silverleaves

Silverleaves exists as a small residential development to the east of Cowes, separated by the Cowes Golf Club and Coghlan Road. Rhyll Inlet terminates the development to the east. The low scale character of Silverleaves is maintained by the inability to provide reticulated sewer to the land. The character of Silverleaves is generally defined by modest coastal beach dwellings nestled amongst mature Coast Banksia. The majority of this vegetation is classified as vulnerable Ecological Class Vegetation (EVC 2 Coast Banksia Woodland). The topography is generally flat with coastal dunes along the coastline forming a distinctive edge to the area. The existing urban area of Silverleaves is located 2.5 meters below sea level and vulnerable to anticipated impacts of climate change.

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.02-1**	• Town with low spatial growth capacity. Will be encouraged to contain growth within existing urban or appropriately zoned land, primarily through infill capacity and defined settlement boundaries.
Tourism Areas **21.03-4**	• Links to the Cowes Foreshore Precinct.
Objectives and Strategies **21.08-5**	• Protect the established scale of Silverleaves which is set within and defined by the coastal settings, significant coastal vegetation and the Rhyll Inlet • Protect Silverleaves' recognised and highly valued environmental attributes, including the landscape and aesthetic values of the Foreshore and the Rhyll Inlet.
Local Area Implementation **21.08-5**	**Settlement, Landscape and Built Form** • Avoiding further linear coastal development. • Acknowledging and planning for the impacts of climate change, in particular impacts associated with predicted sea level rises and storm surge events. **Land Uses** • Discouraging the development of land east of Coghlan Road, (not including the integrated golf course proposal and replacement dwellings), until a Coastal Vulnerability Study has been undertaken and the findings of this study have been incorporated into the Bass Coast Planning Scheme. **Infrastructure** • Avoiding the removal of vegetation in the areas identified as EVC 2 Coastal Banksia Woodland. • Ensuring that land development does not detrimentally impact upon identified significant flora and fauna habitats, including areas of roadside vegetation.
Priorities in Other Strategies	***Rural Land Use Strategy (2013)*** The Rural Land Use Strategy Part 1 (2013) recommended the area west of the Rhyll Wetland be further investigated as it is an important habitat for migratory wading birds and highlighted that it is at risk of inundation due to climate change. Since adoption of the Rural Land Use Strategy the "Review of the Rhyll Inlet 2015" has been completed. This report recommended the Municipal Strategic Statement include relevant text highlighting the ecological importance of the Rhyll Inlet and the land adjacent to the west of the current Public Conservation and Resource Zone managed by the Phillip Island Nature Parks (not the area suggested by submitters to the C140 review) be rezoned from Farming Zone to Rural Conservation Zone, with

	the Environmental Significance Overlay Schedule 1 extended to include the rezone area.

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

Precinct Intent Statement

Silverleaves will remain principally a location for low density housing with tourism activities focussed around the Golf Course and linkages with the Rhyll Inlet. Opportunities exist for rural tourism development, expansion or possible relocation of the Golf Course needs to be planned for and education and conservation activities on the transition to the Rhyll Inlet.

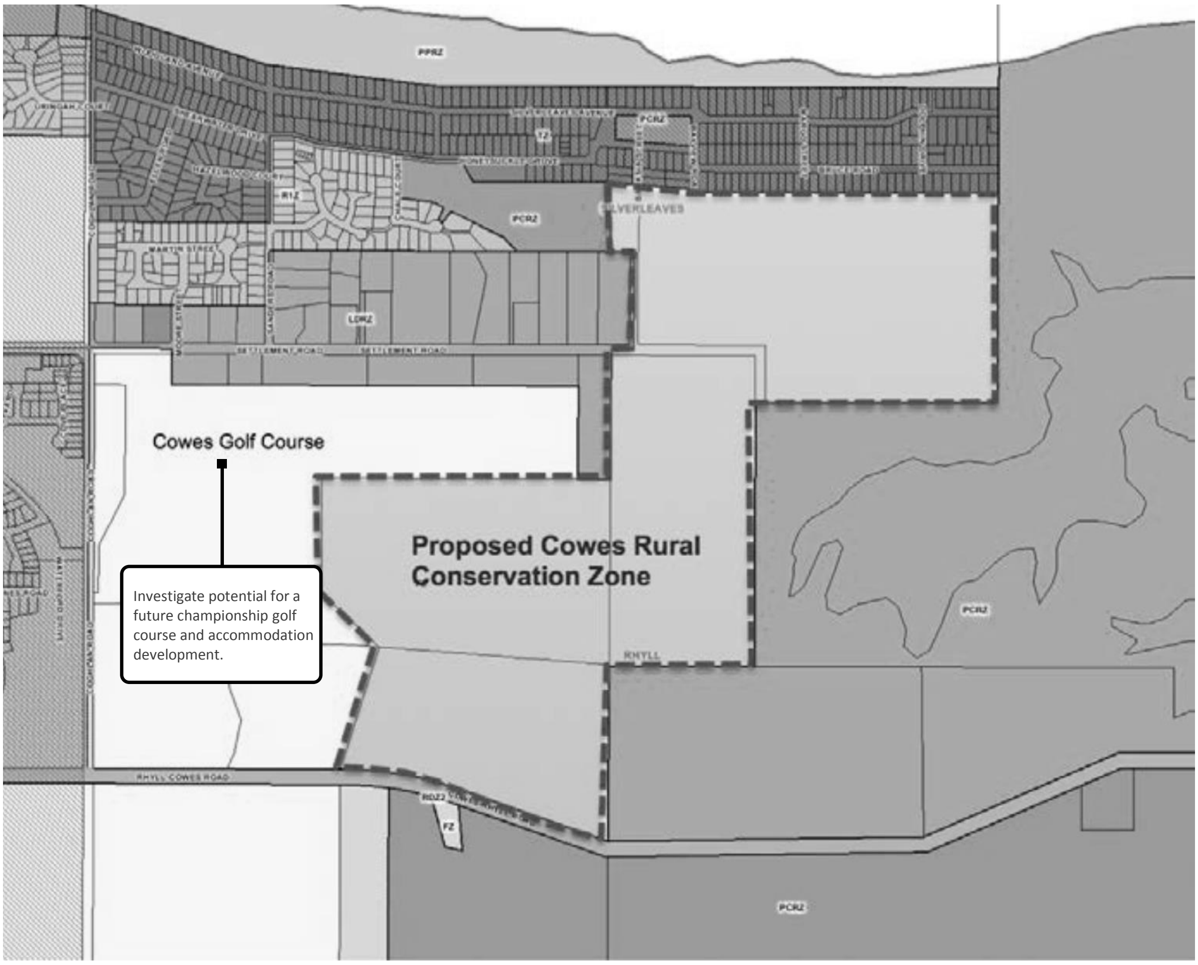
Silverleaves Precinct Priorities

Priorities from Current Plans:

- Discourage the development of land east of Coghlan Road

Additional Tourism Priorities (2035):

- Create a Rural Conservation Zone to the west of the current Public Conservation and Resource Zone
- Investigate the potential for a future chamionship golf course and accommodation development



Wimbledon Heights & Fiveways Tourism Precinct

Wimbledon Heights is a small dormitory settlement south of Cowes in the centre of Phillip Island, surrounded by agricultural land and rural landscapes. Adjacent to this is the Fiveways Tourism Precinct which is home to key tourism infrastructure including a number of attractions and accommodation options.

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.02-1**	• Town with low spatial growth capacity. Will be encouraged to contain growth within the area defined by the settlement boundary.
Tourism Areas **21.03-4**	• The Fiveways Tourism Precinct is zoned Rural Activity Zone (except for the Phillip Island Nature Parks Koala Conservation Centre which is zoned Public Conservation and Resource Zone).
Objectives and Strategies **21.09-3**	• Protect the established scale of Wimbledon Heights which is set within and defined by its rural setting and hilltop location. • Protect and maintain non-urban landscapes between Cowes and Wimbledon Heights.
Local Area Implementation **21.09-3**	**Settlement, Landscape and Built Form** • Limiting land available for urban development to land contained within the defined settlement boundary. **Land Use** • Facilitating the residential development of vacant land within the defined settlement boundaries.
Priorities in Other Strategies	***Phillip Island Strategic Tourism Plan*** • Supporting the expansion of key attractions and future accommodation development. ***Phillip Island Nature Parks*** • Creating of a plan to make the entrance of the Koala Conservation Centre more appealing through signage. **Other State Strategies** • Roundabout development Back Beach Road (VicRoads).

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

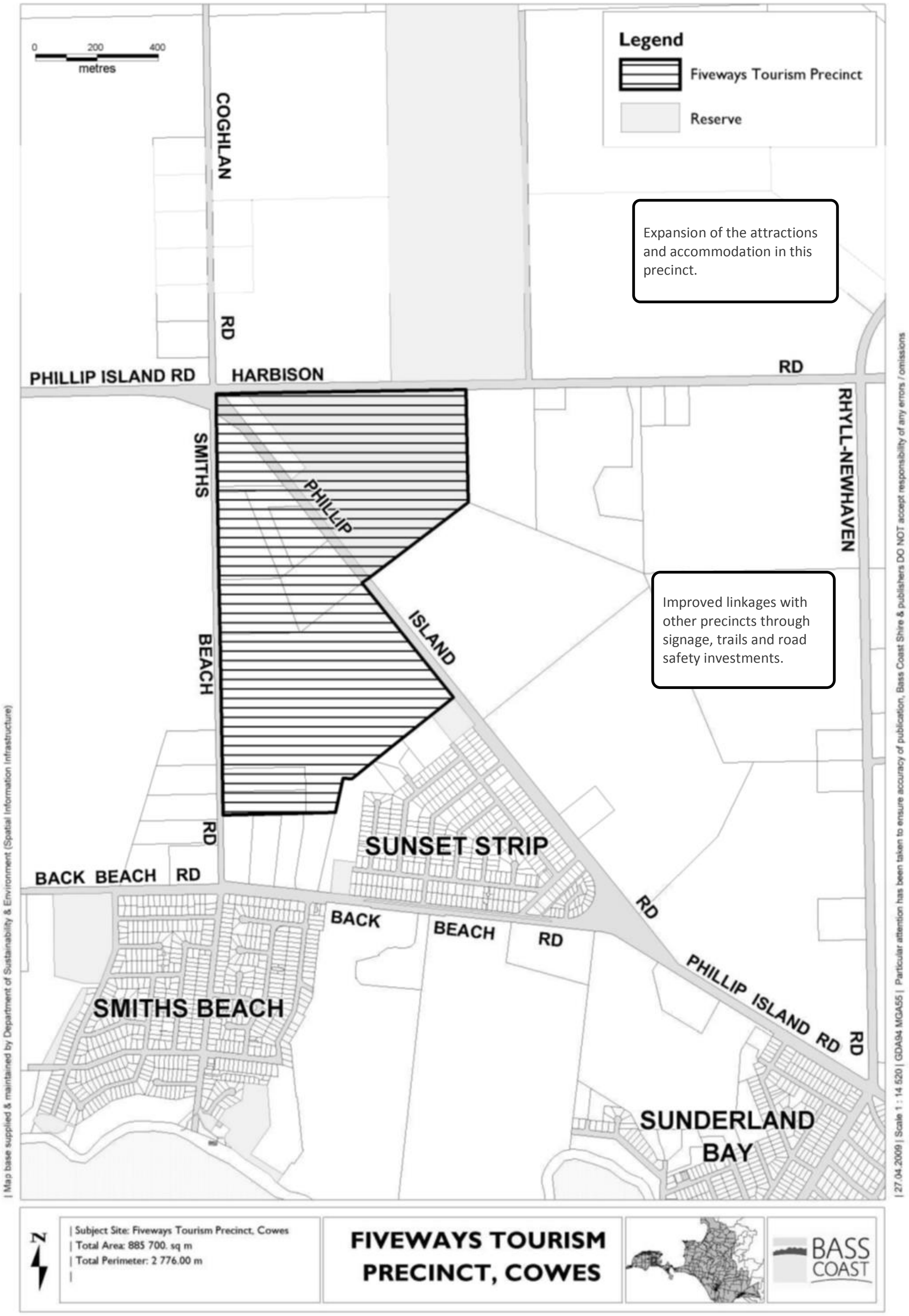
Precinct Intent Statement
Wimbledon Heights residential area will be consolidated within its existing boundaries, allowing for expansion of both the nearby Fiveways Tourism Precinct and the Koala Conservation Centre, including expansion of existing attractions and the development of additional accommodation in this precinct (including restaurants).

Wimbledon Heights & Fiveways Precinct Priorities
Priorities from Current Plans:

- Expansion of the attractions and accommodation in this precinct

Additional Tourism Priorities (2035):

- Improved linkages with other princincts through signage, trails and road safety investments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metres
Legend
Fiveways Tourism Precinct
Reserve
Expansion of the attractions and accommodation in this precinct.
Improved linkages with other precincts through signage, trails and road safety investments.
COGHLAN RD
PHILLIP ISLAND RD
HARBISON RD
RHYLL-NEWHAVEN RD
SMITHS BEACH RD
PHILLIP ISLAND RD
BACK BEACH RD
SUNSET STRIP
SMITHS BEACH
SUNDERLAND BAY
| Map base supplied & maintained by Department of Sustainability & Environment (Spatial Information Infrastructure)
| 27.04.2009 | Scale 1 : 14 520 | GDA94 MGA55 | Particular attention has been taken to ensure accuracy of publication, Bass Coast Shire & publishers DO NOT accept responsibility of any errors / omissions
N
| Subject Site: Fiveways Tourism Precinct, Cowes
| Total Area: 885 700. sq m
| Total Perimeter: 2 776.00 m
FIVEWAYS TOURISM PRECINCT, COWES
BASS COAST

Ventnor

This Character Area includes the majority of Phillip Island and is characterised by a rolling rural landscape adjoining a low-energy sandy and mud-flat coastline on the northern edge at Westernport Bay. Features include a cultural vegetation pattern of wind breaks and roadside vegetation and extensive urban areas in three settlements at the northern coastal edge (Cowes/ Ventnor/ Rhyll). Rolling topography inland is largely undeveloped, offering open rural views with glimpses to Westernport Bay available in parts.

Ventnor defines the western extent of urban area on Phillip Island and Ventnor Road and acts as a gateway to the Summerland Peninsula, the Nobbies and the Penguin Parade, separated from Cowes by Salterwater Creek. Ventnor is characterised by two residential pockets dispersed between areas of rural land and bush land and separated by the Ventnor Common. Ventnor East is generally defined by an informal beach character; the built form is dominated by modest weekend cottages and 'beach house' dwellings. Large two storey dwellings characterise Ventnor West, with newer contemporary built forms emerging as part of the Grossard Point Road. Ventnor is primarily a holiday town, with a high proportion of non-permanent residential dwellings. Coastal land further west of Ventnor West is considered of State landscape significance and provides habitat for the Hooded Plover and Short-tailed Shearwater. The Ventnor Strategic Framework Plan establishes a clear direction for the future physical and spatial form of Ventnor.

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.02-1**	• District Town with moderate spatial growth capacity. Will be encouraged to accommodate some growth beyond existing urban zoned land and through infill development.
Tourism Areas **21.03-4**	• Ensure that any development is consistent with the prevailing character of the area and is only located in areas where there is adequate infrastructure and community services. • Protect the breeding habitat for Short Tailed Shearwaters on the foreshore south west of Ventnor. • Continue re-vegetation works on Ventnor Beach Road and along major roadsides in Ventnor. • The desire to retain a visual separation between Cowes and Ventnor. • Finalise and implement the Cowes, Ventnor, Silverleaves and Wimbledon Heights Structure Plan and incorporate this into the Bass Coast Planning Scheme as a reference document.
Local Area Implementation **21.08-6**	**Settlement, Landscape and Built Form** • Limiting land available for urban development to land contained within the defined settlement boundaries. • Protecting the existing coastal landscape character of the urban area. • Protecting and retaining any existing indigenous vegetation when constructing new buildings and avoiding damage to environmentally sensitive areas. • Ensuring new developments maintain existing view lines to and from the foreshore. • Limiting building form to a maximum of two storeys in height. • Between Ventnor and Cat Bay, ensuring buildings are set amongst vegetation and set back to retain an undeveloped character. **Land Use** • Providing residents and visitors with convenient access to day to day goods and services outside of the major commercial centre.

	Infrastructure • Improving movement, access and linkages for pedestrians and cyclists. • Protecting Ventnor's recognised and highly-valued environmental attributes, including the landscape and aesthetic values of its rural land and coastal areas and water quality through improved stormwater drainage. • Providing the creation of indigenous vegetation buffers and a network of indigenous vegetation corridors, integrated with a pedestrian and cycle network.
Priorities in Other Strategies	***Phillip Island South and North Coast Key Area Plan (2014)*** • Considering opportunities for public access where there is landowner support, safe access and where the potential for impacts can be avoided or substantially mitigated. • Fostering partnership management arrangements and resource sharing between parties.

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

Precinct Intent Statement

Ventnor will be consolidated within the town boundary and foreshore spaces will be improved. Existing rural breaks between residential developments will be retained and development at the coastal edge will remain subordinate to vegetation and landform to a dominant natural coastal character and will reduce distant visibility. Trails will link this accommodation node with the attractions of the western shoreline of the Island and Cowes. Future development will nestle into the open rolling rural character with a range of rural land uses, homesteads and tourism facilities set among landscaped grounds.

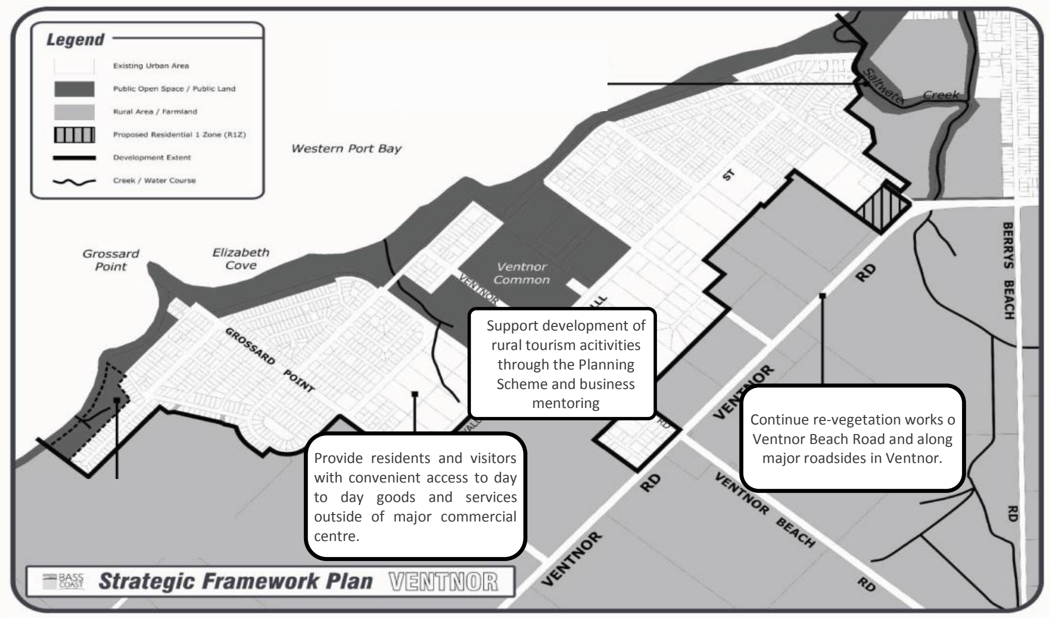
Ventor Precinct Priorities

Priorities from Current Plans:

- Continue re-vegetation works on Ventnor Beach Road and along major roadsides in Ventor
- Provide residents and visitors with convenient access to day to day goods and services outside of the major commercial centre

Additional Tourism Priorities (2035):

- Support the development of rural tourism acitivities through the Planning Scheme and business mentoring



South Coast: Smiths Beach, Sunderland Bay, Sunset Strip, Surf Beach and Summerland Peninsula

The Structure Plan establishes a clear direction for the future physical form of the villages of the South Coast including Smiths Beach, Sunderland Bay, Sunset Strip and Surf Beach in both a spatial sense as well as built form, in that it defines town boundaries for residential development. The strategy for these beach settlements is to maintain each estate as a separate entity with its own distinct identity and to increase the level of infrastructure to improve the living environment for these estates.

Much of the South Coast, between Cape Woolamai and Ventnor consists of volcanic landforms shaped by the high seas and winds of Bass Strait. A rugged and varied landscape valued by the community for undeveloped, rocky headlands, high sand dunes and beaches has resulted including regionally significant landforms such as Cape Woolamai, Pyramid Rock and The Nobbies. Open vistas along the coast are available from numerous access points. Several townships have been developed along the coastal edge in the eastern half of the Island (with substantial undeveloped breaks between) while inland rolling pastoral landscapes are contiguous with the Northern Coast Character Area.

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.02-1**	• Hamlets with low spatial growth capacity will be encouraged to contain growth within existing urban or appropriately zoned land, primarily through infill capacity and defined settlement boundaries.
Tourism Areas **21.03-4**	• Summerland Peninsula is the Island's primary visitor attraction, defined as a Wildlife and Recreation Reserve in the Planning Scheme. • The Motorsports Precinct is defined as a Special Use Zone.
Objectives & Strategies **21.09-4**	• Consolidating development within the township boundaries of each estate identified on the structure plans. • Protect, improve and restore values of significance. • Create new infrastructure on Phillip Island Nature Parks to achieve greater visitor experience and cater for the estimated 100,000 additional visitors per annum by 2020. • Rehabilitation of landscape with new and upgraded recreation facilities, trail networks, cultural heritage features, interpretation systems and infrastructure which supports a wider range of social and recreational users and other daytime visitors making the site a more diverse, multi-layered visitor destination that invites exploration. • Develop new access facilities and services that support the use of Summerland Peninsula's beaches as a National Surfing Reserve.
Local area implementation **21.09-4**	**Settlement, Landscape and Built Form** • Discouraging development beyond the existing residential areas of Sunderland Bay, Surf Beach, Sunset Strip and Smiths Beach. • Limiting building form to be a maximum of two storeys in height. **Land use** • Locating commercial, community or residential development on the south west corner of Marlin Street and Smiths Beach Roads at Smiths Beach. • Limiting floor space for future commercial development on the west side of Smiths Beach and Sunderland Bay to a level to service

	local community needs. **Environment** • Establishing wildlife corridors throughout the residential areas where possible linked by existing areas of open space as well as creating a buffer to rural land.
Priorities in other Strategies	***Phillip Island Nature Parks (2012)*** • Building a world class eye-level underground penguin viewing facility. • Upgrading the Penguin Parade Visitor Centre in Summerlands. • Upgrading features, trail networks and recreational nodes to enhance the visitor experience. • Reclaiming natural habitat to accommodate breeding penguins and wetlands habitat as well as extensive areas of dune, grassland and woodland rehabilitation. • Integrating the Summerlands Visitor Centre with leading scientific and educational programs. • New and expanded premium products contributing to an increase length of stay and overall growth in tourism. • Redeveloping Nobbies Centre which is consistent with the Nature Parks' values and visitor needs. • Maintaining the existing Nature Parks self-funding model over the long term and increased levels of funding to be allocated to core conservation, research and education activities across the Nature Parks' portfolio. ***Phillip Island South and North Coast Key Area Plan (2014)*** • Identifying and protecting threatened species and their habitats. • Avoiding interference with natural processes shaping the coast. • Retaining largely inaccessible parts of the coast to preserve their significant biodiversity and ecological integrity. • Conserving sites and landscapes of cultural, scientific, historical and aesthetic significance. • Identifying, protecting and managing Aboriginal cultural heritage in partnership with Aboriginal communities. • Spreading of peak load demand to Summerland Peninsula's beaches. • Developing a walking trail around the Summerland Peninsula utilising the existing South Coast Road. • Spreading of peak load demand to YCW Beach and Summerland Beach with the possibility of integrating the service of a Surf Life Saving Club. • Maintaining safety measures that restrict access to Summerland Peninsula Cliffs. • Assessing the potential for Summerland Beach to become a more accessible public beach utilising current visitor facilities during the day (outside of Penguin Parade operational times). • Monitoring waste and environmental impacts given level of use and lack of public toilet at Kitty Miller Beach. • Enhancing community use, enjoyment and experience of the coastal values. • Incorporating 'kiss and cuddle' locations for pick up and drop off of

	children and beach equipment at high pressure sites such as Smiths Beach. • Opportunities to acquire a portion of the land necessary for a coastal or inland trail linking Smiths Beach to the Colonnades at Cape Woolamai. • Reviewing land tenure and management jurisdiction for YCW and Smiths Beach. • Investigating the opportunity for a shared trail link between Smiths Beach and YCW Beach and consider dynamic parking and access points. • Upgrading toilets with SLSA patrol and lookout facilities for YCW and Smiths Beach. • Sealing the carparks at Pyramid Rock, Surfies Point. • Upgrading of interpretation signage on arrival and with the trails at Pyramid Rock. **Other State Strategies** • Roundabout development Back Beach Road (VicRoads).

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

Precinct Intent Statement

The South Coast of Phillip Island will be world-famous as one of Australia's most iconic nature-based tourism destinations. Offering a wide array of locations and experiences to suit every nature-based enthusiast's needs from quiet enjoyment to active participation. The settlements will remain within their established boundaries ensuring green breaks are maintained, and appropriate tourism developments will help to attract new markets interested in health and well-being, winter escapes, walking, and adventure activities.

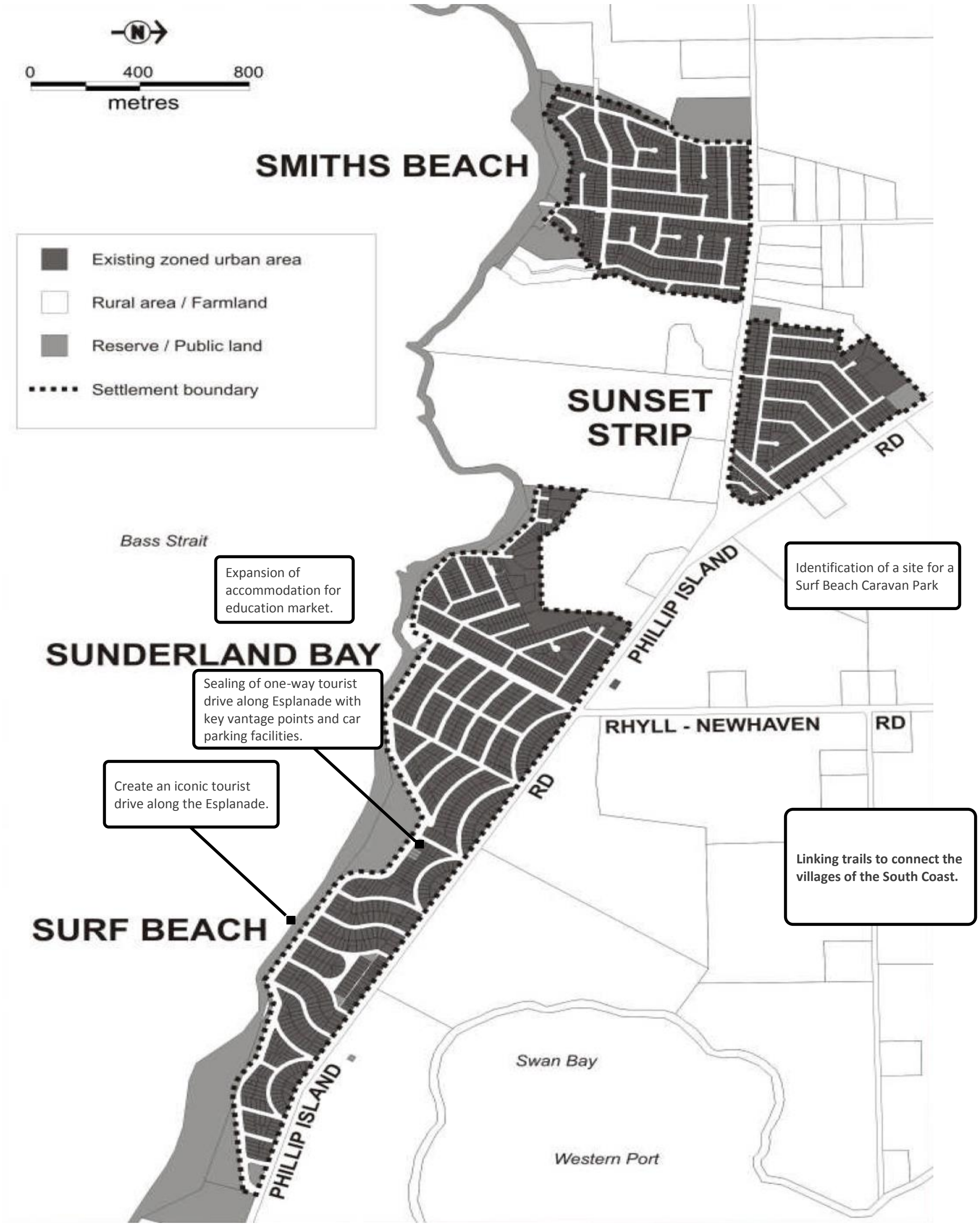
South Coast Precinct Priorities

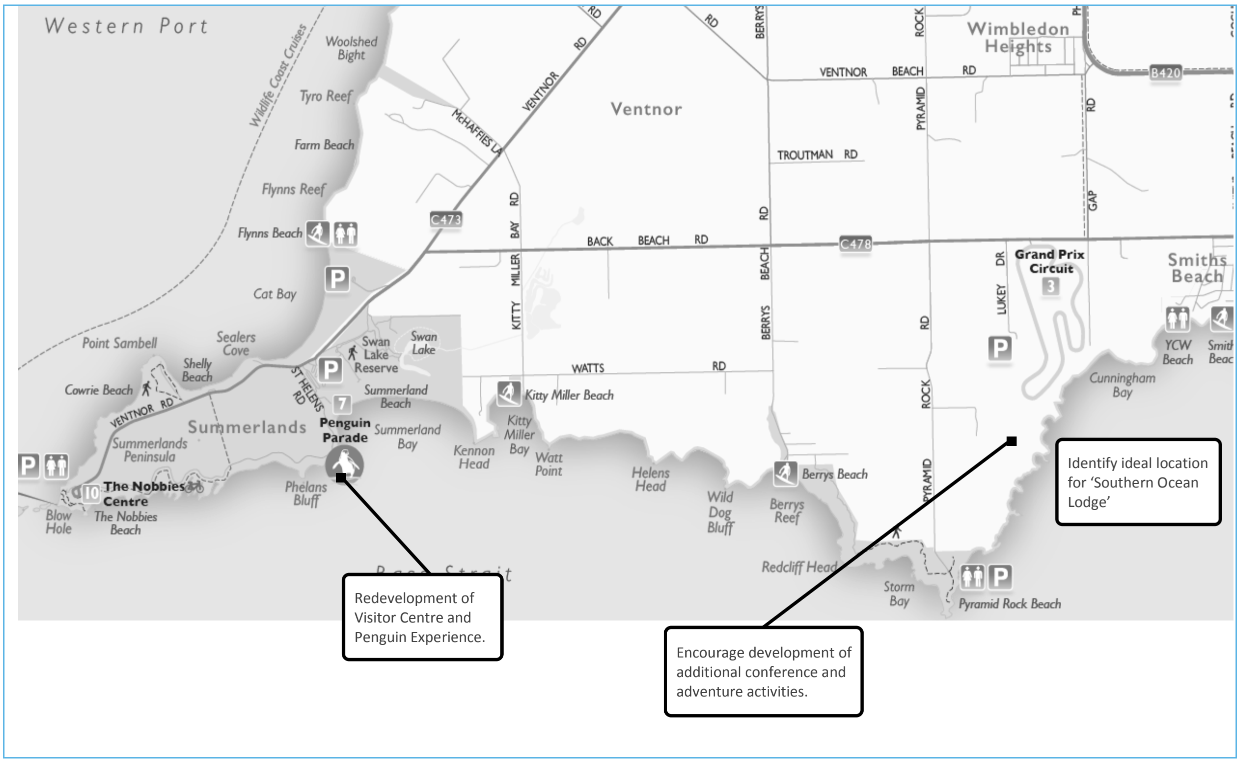
Priorities from Current Plans:

- Redevelopment of the Visitor Centre and Penguin Experience at the Nature Park
- Linking trails to connect the villages of the South Coast
- Discussions underway on a new Governance arrangement between Phillip Island Nature Parks and Bass Coast Shire Council
- Expansion of accommodation facilities to cater for groups and the education market

Additional Tourism Priorities (2035):

- Identify the ideal location for a 'Southern Ocean Lodge' style boutique lodge development
- Develop a Master Plan for the PIGPC including the development of additional conference and adventure activities at the PIGPC
- Create an iconic tourist drive along the Esplanade at Surf Beach with spectacular lookouts
- Ongoing community support for the development of Phillip Island Nature Parks facilities on the Summerlands Peninsula
- Identification of a site for a caravan park near the beach (not on the dunes)


N
0
400
800
metres
SMITHS BEACH
Existing zoned urban area
Rural area / Farmland
Reserve / Public land
Settlement boundary
SUNSET STRIP
RD
Bass Strait
Expansion of accommodation for education market.
PHILLIP ISLAND
Identification of a site for a Surf Beach Caravan Park
SUNDERLAND BAY
Sealing of one-way tourist drive along Esplanade with key vantage points and car parking facilities.
RHYLL - NEWHAVEN
RD
RD
Create an iconic tourist drive along the Esplanade.
Linking trails to connect the villages of the South Coast.
SURF BEACH
Swan Bay
PHILLIP ISLAND
Western Port



Cape Woolamai

The Cape Woolamai Structure Plan establishes a clear direction for the future physical form of Cape Woolamai in both a spatial sense as well as built form in that it defines a town boundary for residential development and nominates design guidelines for development. The infrastructure and conservation assets in natural areas managed by Council and Phillip Island Nature Parks are planned through the Key Area Plan (2014).

Scheme Reference	Identified Objectives, Strategies and Priorities
Settlement Patterns **21.05-1**	• Hamlets with low spatial growth capacity will be encouraged to contain growth within existing urban or appropriately zoned land, primarily through infill capacity and defined settlement boundaries.
Objectives & Strategies **21.09-5**	• Protect, improve and restore values of significance and avoid interference with natural processes shaping the coast. • Retain largely inaccessible parts of the coast to preserve their significant biodiversity and ecological integrity. • Conserve sites and landscapes of cultural, scientific, historical and aesthetic significance including Aboriginal cultural heritage. • Improve the existing interface between the southern edge of Cape Woolamai Township and the coastal reserve. • Make provision for pedestrian and cycle trails in accordance with the Cape Woolamai Parks and Trails Plan.
Local area implementation **21.09-5**	**Settlement, Landscape and Built Form** • Preventing any additional expansion of Cape Woolamai, other than what is indicated in the strategic Framework Plan. • Retaining the low scale character of the Cape Woolamai convenience centre. • Limiting building form to a maximum of two storeys in height.

	• Including landscaping using indigenous plants in new development and new residential subdivisions. **Land Use** • Encouraging development within the local retail precinct around Vista Place. • Ensuring that ground floor is used for retail, dining, community, or entertainment to maximise interaction between indoor and outdoor commercial development. • Encouraging commercial uses that support the local community needs within Cape Woolamai's existing mixed use zoned convenience centre. • Identifying the Phillip Island Airport as 'an investigation area' once the airports future has been determined. **Environment** • Ensuring the interface of residential development with the State faunal reserves and shearwaters rookeries are sensitive to the environmental significance of these areas. This is best achieved with screening of indigenous vegetation. Using planting and wildlife corridors as a buffer between the rural land and residential development.
Priorities in other Strategies	***Phillip Island and San Remo Design Framework (2003)*** • Establishing a surf and sea safety Centre at Woolamai Life Saving Club. • Improving public transport between services, attractions and connections to other modes of travel in Cape Woolamai, to reduce peak demand. ***Phillip Island South and North Coast Key Area Plan (2014)*** • Incorporating 'kiss and cuddle' locations for pick up and drop off of children and beach equipment at high pressure sites such as Woolamai Surf Beach and Anzacs. • Developing a shared use trail along Woolamai Beach Road north of the Anzacs site. • Reducing visitor impacts during peak days at shore-based facilities at Cape Woolamai Surf Club by encouraging surf patrols at new locations. • Opportunities to acquire a portion of the land necessary for a coastal trail or a continuous inland trail linking Smiths Beach settlements to the Colonnades at Cape Woolamai. • Reviewing land tenure and management jurisdiction for Anzacs and The Colonnades. • Considering the feasibility for proposed shared trail connection from Anzacs to the intersection of Woolamai Beach Road with The Cranny. • Considering dynamic parking and access options for Anzacs area. • Installing new stairs to the beach at Aussie Steps. • Preparing a master plan that rationalizes roads and car parking layout, improves pedestrian safety and provides for future local play and picnic facilities. ***Cape Woolamai Structure Plan (2015)*** • Developing land along Veterans Drive, to the south of the National Vietnam Veterans Museum, and for light industrial or destination tourism purposes. • Developing the northern end of old Airport site for commercial tourism purposes. • Forming a State Fauna Reserve on the Cape of Woolamai.

	Other Local Strategies • Considering constructing a roundabout on Woolamai Beach Road (near intersection with The Cranny) with a drop-off area on the western side with a shared path connection to Anzacs.

Phillip Island and San Remo Visitor Economy Strategy 2035 Priorities

Precinct Intent Statement

Cape Woolamai will become better integrated into the surrounding landscape with vegetated buffers. The natural areas will be better connected with the main transport nodes, accommodation and commercial centres, with walking trails and shared paths.

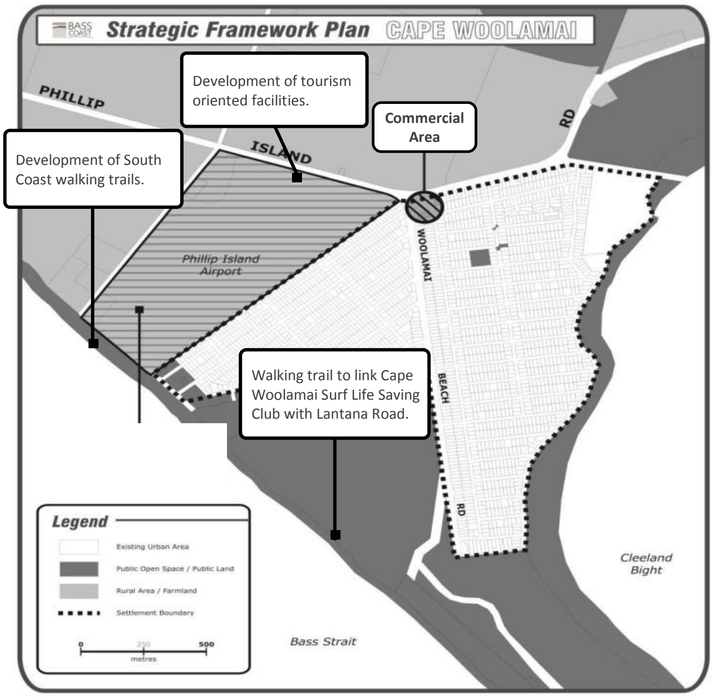
Cape Woolamai Precinct Priorities

Priorities from Current Plans:

- Development of tourism oriented facilities on the northern part of the previous Phillip Island Airport

Additional Tourism Priorities (2035):

- Walking trail linking Cape Woolamai Surf Life Saving Club and Lantana Road
- South Coast Walking Trails



Western Port

Western Port Precinct Priorities

Priorities from Current Plans:

- Ensure highest standarf of compliance for the UNESCO Biosphere

Additional Tourism Priorities (2035):

- Expand the number and size of current boat ramps subject to environmental assessments

Planning Scheme Assessment against Catalyst Projects by Precinct

Project	Location	Scheme References	Changes Required
Eco-accommodation	Ventnor	• Farm Zone	• Undertake EOI process to identify preferred land for future development
Car Ferry	Cowes	• General Residential Zone	• Environmental affects study required prior to rezoning
Hotel and Conference Centre	Cowes	• Mixed Use Zone	• Priority Development Zone over the Isle of Wight and Continental Hotel sites.
Farm Tourism	All precincts	• Farm Zone	• Rural tourism policy added to planning scheme
Boutique Accommodation	Rhyll	• Farm Zone	• Rural tourism policy added to planning scheme
Golf Course	San Remo	• Identified in the Strategic Framework	• No change
Motorsports Precinct		• Special Use Zone	• Create a Masterplan and permit process for the site
Surf Beach Caravan Park	South Coast	Not yet known	None
San Remo Foreshore and Beachfront	San Remo (Marine Pde)	• Commercial Zone and Residential Zone • Public Purposes Reserve • San Remo Access Strategy • Pedestrianise Marine Parade	• MUZ + Road Reserve to Ocean Grove Rd • Developer Contributions Plan for San Remo • Shetland Heights Rd to Marine Pde
Restaurant	Newhaven Jetty	• Public Purposes Reserve	

Phillip Island and San Remo Visitor Economy Strategy 2035 *Growing Tourism*

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