

Victorian Alpine Resorts Economic Contribution Study

Summary report – 2016/17

23 June 2017

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Summary: Winter and summer economic contribution

The alpine resorts

The alpine resorts of Victoria generate economic activity for the State as they attract a numbers of Victorian, interstate and international visitors. While the majority of tourism in this region is driven by snow and ski resorts, outside of the snow season, the mountains provide a good location for bushwalking, horse-riding, cycling, scenic driving and fishing.

The value of the resorts to both state and regional economies identified in this report demonstrates the importance of the alpine resorts to local economies and the state of Victoria.

This analysis demonstrates that the alpine resorts help boost economic activity in regions and a growth in unemployment would become more of an issue if the alpine industry and resorts were to decline in quality and appeal. The alpine resorts are of importance in terms of their economic contribution to the regions closest to where the resorts are located.

Visitors to the alpine resorts during the winter season

It is estimated by the Alpine Resorts Co-ordinating Council that there were a total of 1,111,347 visitors to the Victoria alpine resorts across the winter and summer months, which produced almost 1.9 million visitor days.

Survey results reveal that across all of Victoria's alpine resorts, during the winter months, 82% of the visitors are from Victoria, while 14% are interstate visitors and the remaining 4% are from overseas. During the summer month, 89% of the visitors are from Victoria, while 10% are interstate visitors and the remaining approximate 1% are from overseas.

Although the proportion of international tourism remains low, the Australian alpine resort industry is important in retaining snow sports and recreational tourism and expenditures that would have most likely gone overseas if the alpine resorts in Australia had not been developed to capture snow sports activity and expenditures in the local economy.

The economic contribution of the alpine resorts

Gross direct visitor expenditure generated by the Victorian alpine resorts was \$817 million. In 2011, total gross direct visitor expenditure in the Victorian alpine resorts was \$795 million (in 2016/17 prices). This expenditure covers all visitor transactions, including food, beverages, lift passes, entry fees and local travel. The flow-on consequences of the net additional expenditures were analysed using an input/output based model. The results of this analysis for Victoria in 2016/17 shows an economic contribution (gross state product) of \$911 million, compared to what would have been the case in the absence of the economic contribution of the alpine resorts in the winter and summer seasons.

Importantly, job opportunities generated was close to 9,098 in Victoria across the 2016/17 year.

Table 1: Economic contribution of the alpine resorts to Victoria (all figures presented in \$2016/17)

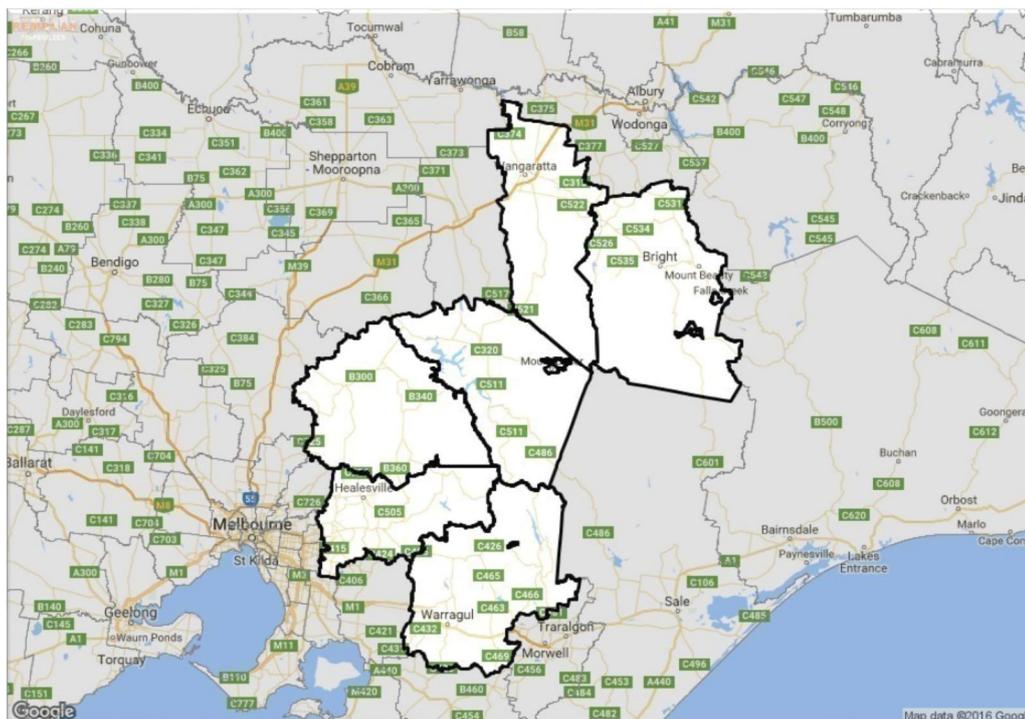
Victorian economic contribution	2011	2016
Direct gross expenditure (\$m)	\$795	\$817
Employment (Jobs)	10,710	9,098
GSP (Value-added) (\$m)	\$724	\$911

Source: EY analysis

The alpine resorts

Victoria is home to six officially designated alpine resorts which lie in the east and northeast of Victoria between 120km and 380km from Melbourne. The alpine resorts are a tourist destination for Victoria as they attract a number of local, interstate and international visitors, bringing economic benefit to the regions located in close proximity to the resorts.

The Victorian alpine region's resorts are Mount Buller/Stirling, Falls Creek, Mount Baw Baw, Mount Hotham and Lake Mountain. Stretching from the east to the north-east of the state, the alpine region is comprised of the Local Government Areas (LGAs) of Alpine Shire, Shire of Murrindindi, Shire of Mansfield and Baw Baw Shire.



While the majority of tourism in this region is driven by snow and ski resorts, outside of the snow season, the mountains provide a good location for bushwalking, horse-riding, cycling, scenic driving and fishing.

The alpine resorts of Victoria generate economic activity for the State as they attract a numbers of Victorian, interstate and international visitors. The presence of alpine resorts in Victoria means that many snow sports enthusiasts, who would otherwise have travelled overseas to the snow (if the Australian resorts had not been developed) have an Australian snow sports option.

The economic contribution study

Regular economic impact and contribution studies on behalf of the Alpine Resorts Co-ordinating Council (ARCC) have been undertaken for almost 30 years with the most recent study being completed in 2011. This economic contribution study aims to highlights the importance of the Victorian alpine resorts ("the resorts") to the Baw Baw Shire, Alpine Shire, Mansfield Shire, Murrindindi Shire and the state of Victoria, by estimating its economic contribution to each of these regions across the winter and summer months, as well as the broader social and recreational value of the Resorts. This includes value associated with recreation, education, the environment, and community cohesion generated by the Resorts. Calculating the impact of resorts outside of Victoria was not part of the project scope.

The resorts are a tourist destination in Victoria, providing a range of skiing and snow play facilities along with a growing number of summer activities. The Victorian alpine region consists of a number of key resort locations, with the five key areas considered for the purpose of this report being:

- ▶ Falls Creek
- ▶ Lake Mountain
- ▶ Mt Baw Baw
- ▶ Mt Buller/Stirling
- ▶ Mt Hotham.

Purpose of this analysis

This purpose of the analysis is to demonstrate that the alpine resorts help boost economic activity in regions and across the State. The value of the resorts to both state and regional economies identified in this report demonstrates the importance of the alpine resorts to local economies and the state of Victoria.

The purpose of the study is to obtain reliable knowledge about the economic significance of the alpine resorts, specifically to:

- ▶ Quantify the economic activity that is generated by the Victorian alpine resorts in the winter season (Part 1 – released separately) and in the in the summer months (Part 2 - released separately)
- ▶ Quantify the regional benefits generated by Victorian alpine resorts, in the Local Government Area (LGAs) in Victoria where the resorts are situated
- ▶ Identify the broader social and recreational benefits of the Victorian alpine resorts.

This report summarises the total economic contribution of the alpine region to Victoria across both winter and summer for the 2016/17 financial year. Individual reports that provide detailed information on the economic contribution of the winter season and summer season to local economies have been prepared and can be found on the ARCC website. These reports are titled:

- ▶ Victorian Alpine Resorts Economic Contribution Study: 2016 Winter Season (dated 21 April 2016)
- ▶ Victorian Alpine Resorts Economic Contribution Study: 2016/17 Summer Season (dated 13 June 2017)

These reports also provide detailed information on visitor, employee and business survey results, assumptions used in the economic modelling, economic contribution results for LGAs, wider social and environmental benefits and future opportunities to grow visitation.

The scope of work included:

- ▶ Defining key economic metrics to be measured
- ▶ Developing survey questionnaires to capture all relevant information required for economic modelling
- ▶ Undertaking primary research to collect information from visitors, employees and businesses
- ▶ Estimating the economic contribution of alpine resorts to LGAs, the Greater Alpine Region and Victoria
- ▶ Summarising stakeholder views on the current strengths and weaknesses of the alpine resorts and has explored the future opportunities and threats.

Information presented in these reports is limited to that collected through surveying of visitors, employees and businesses and information provided by ARCC.

Visitation statistics

According to visitation data provided by the ARCC, a total of 1,111,347 individuals visited an alpine resort across 2016/17. Using average length of stay assumptions, this totalled 1,878,934 visitor days.

Mt Buller/Stirling had the most visitors across both the winter and summer months, followed by Falls Creek and Mt Hotham. In terms of visitors' length of stay, Mt Hotham and Falls Creek visitors stayed longer than those resorts located closer to Melbourne.

Table 2 2016 winter visitation statistics by resort

Resort	Total visitors (winter)	Total visitors (summer)	Total visitors
Falls Creek	168,973	94,269	263,242
Lake Mountain	99,793	46,631	146,424
Mt Baw Baw	49,775	42,635	92,410
Mt Buller/Stirling	323,932	106,883	430,815
Mt Hotham	120,508	57,948	178,456
All resorts	762,981	348,366	1,111,347

Source: ARCC (adjusted Mt Hotham adjusted based on assumed through traffic)

Table 3 2016/17 summer visitation statistics by resort

Resort	Total visitor days (winter)	Total visitor days (summer)	Total visitor days
Falls Creek	446,037	169,684	615,721
Lake Mountain	99,793	46,631	146,424
Mt Baw Baw	61,335	42,635	103,970
Mt Buller/Stirling	457,445	128,260	585,705
Mt Hotham	328,602	98,512	427,114
All resorts	1,393,212	485,722	1,878,934

Source: ARCC (adjusted Mt Hotham adjusted based on assumed through traffic)

Total visitation to Victoria's alpine resorts in the winter season has increased steadily over the past decade. Since the last economic contribution study was prepared in 2011, the total number of visitors across Victoria's alpine resorts in the winter season has increased by 19%, while the number of visitor days has increased by 11% over that time. This increase can be somewhat explained by the low number of visitors and visitor days in 2011 (as seen in the figure below). Total visitation to Victoria's alpine resorts in the summer season has experienced an increase over the past decade. Since the 2011/12 summer season, the total number of visitors across Victoria's alpine resorts has increased by 28%, while the number of visitor days has increased by 29% over that time.

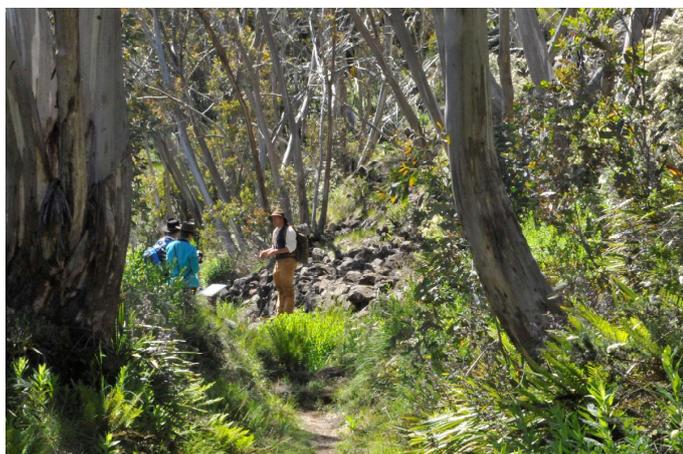
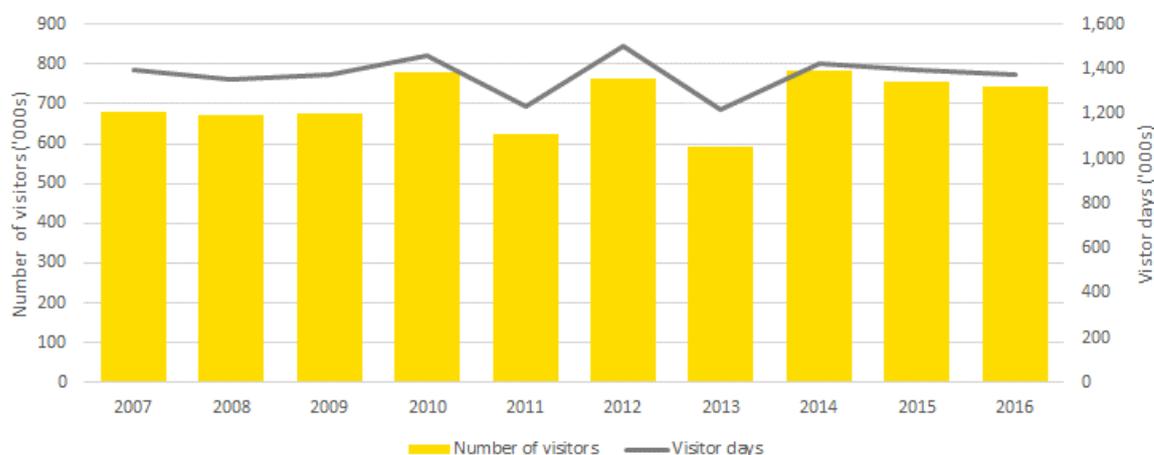
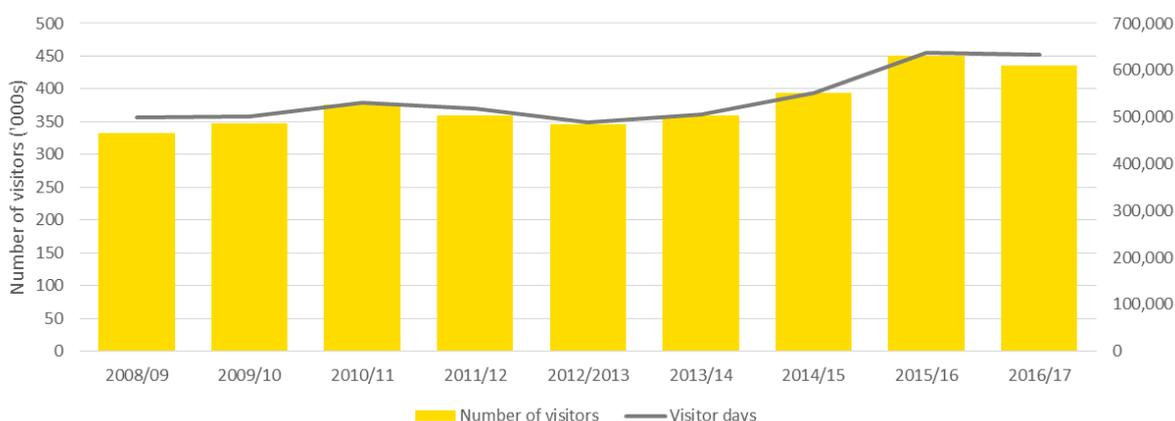


Figure 1 Visitation statistics over time during winter (All resorts)



Source: ARCC

Figure 2 Visitation statistics over time during summer (All resorts)



Source: ARCC (based on unadjusted vehicle and passenger counts)

Survey results reveal that across all of Victoria’s alpine resorts, during the winter months, 82% of the visitors are from Victoria, while 14% are interstate visitors and the remaining 4% are from overseas. During the summer month, 88% of the visitors are from Victoria, while 11% are interstate visitors and the remaining approximate 1% are from overseas.

Economic Contribution to Victoria (winter and summer combined)

The Victorian alpine resorts have a broader impact across the state with the analysis showing that it contributes \$911 million to the Gross State Product (GSP) of Victoria, and almost 9,100 jobs across the state. Of the 9,100 jobs, approximately 5,350 were directly employed in industry supporting winter and summer recreational activities in the alpine region. This estimate includes full time, part time and casual work in industries such as tourism support and tours, accommodation, food and beverage and retail. The indirect jobs supported by the alpine resorts are spread across the retail, accommodation, transport and manufacturing sectors.

Table 4 Economic contribution to Victoria (all figures presented in \$2016/17) – winter and summer

	Direct impact	Indirect impact	Total impact
Gross expenditure (\$m)	\$817	\$1,159	\$1,976
Employment (Jobs)	5,362	3,735	9,097
GSP (Value-added) (\$m)	\$364	\$547	\$911

Source: EY analysis

The table below shows that in comparison with the previous study undertaken in 2011, both output and value-added have increased, while total employment has declined due to lower employment multipliers which is most likely linked to improved business efficiencies and the uptake of technology in tourism industries.

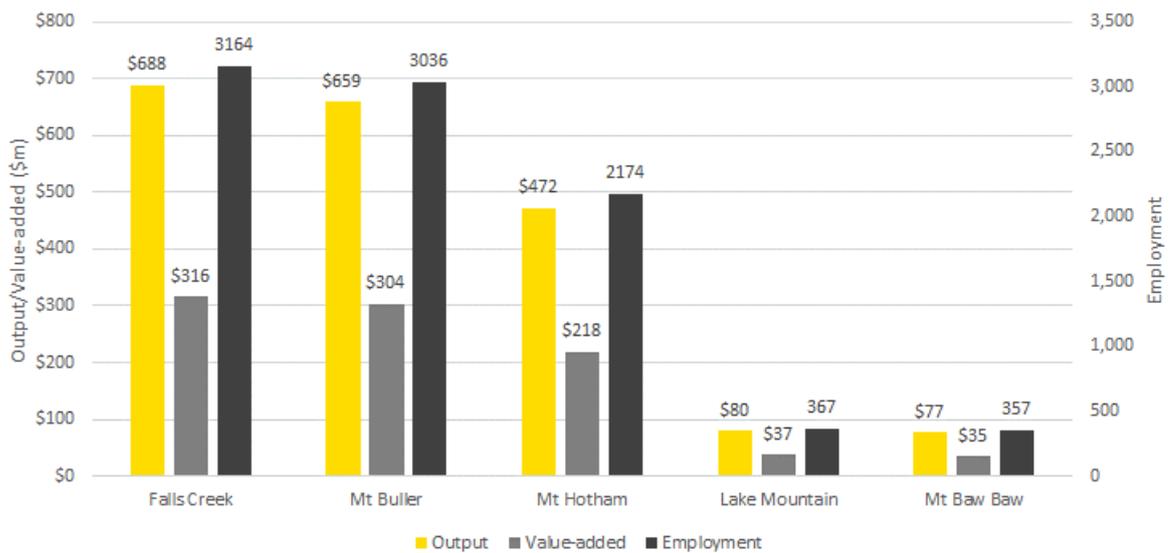
Table 5 Economic contribution to Victoria comparison (2011 vs 2016) (all figures presented in \$2016/17) – winter and summer

Total impact	2011	2016	% change
Direct gross expenditure (\$m)	\$795	\$817	3%
Employment (Jobs)	10,710	9,097	-15%
GSP (Value-added) (\$m)	\$724	\$911	26%

Source: EY analysis

In terms of each resort’s economic contribution to Victoria, Falls Creek was the most significant contributor accounting for \$316 million in value added and 3,164 jobs. While Mt Buller/Stirling had more visitors than Falls Creek (430,815 visitors compared to 263,242 visitors), those who visited Falls Creek often stayed longer with the average length of stay for Falls Creek visitors greater than those that visited Mt Buller/Stirling. This increased length of stay resulted in greater direct spend and economic contribution to Victoria.

Figure 3 Total economic contribution (direct and indirect) to Victoria by resort – winter and summer



Source: EY analysis



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