

# YARRA VALLEY AND DANDENONG RANGES VISITOR ECONOMY IMPACTS FROM COVID-19



  
YARRA RANGES TOURISM

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YARRA VALLEY &  
DANDENONG RANGES

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**JULY 2020**

COVID-19 has had a devastating impact on the visitor economy of the Yarra Valley and Dandenong Ranges. Yarra Ranges Tourism commissioned Decisive Consulting to study the economic impact of the pandemic on our region. The year ending December 2019 (YE2019) has become the visitation benchmark for our recovery in the months and years ahead.

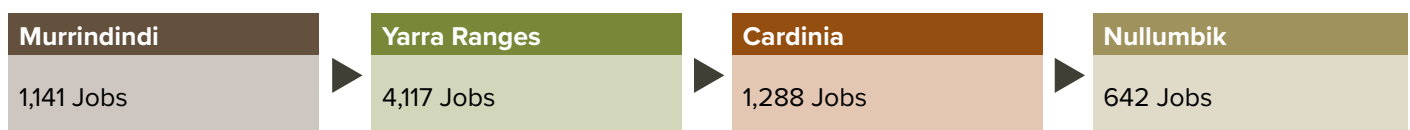
By definition, a pandemic occurs worldwide. This has been the case with COVID-19. It has shut down whole economies as governments take action to minimise the loss of life. The tourism industry, which relies on frontline services and personal experiences, has been one of the first impacted, and will be one of the last to recover.

## WHAT WAS THE VISITOR ECONOMY OF THE YARRA VALLEY AND DANDENONG RANGES WORTH IN YE2019?

Gross Regional Product	Jobs	Domestic Overnight Visitors & Expenditure	Domestic Daytrips Visitors & Expenditure	International Overnight Visitors & Expenditure	Total Visitors & Expenditure
\$610M	7,200	1.2M \$361M	5.8M \$490M	65K \$60M	<b>6.99M</b> <b>\$911M</b>

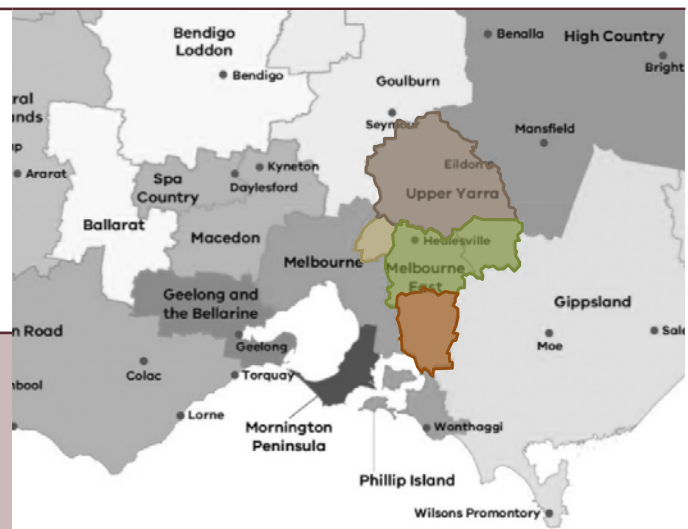
\*Gross Regional Product is the net measure of wealth generated by the region.

The Yarra Valley and Dandenong Ranges region consists of four local government areas. Their reliance on the Visitor Economy, in relation to their overall economy, is in the following order:



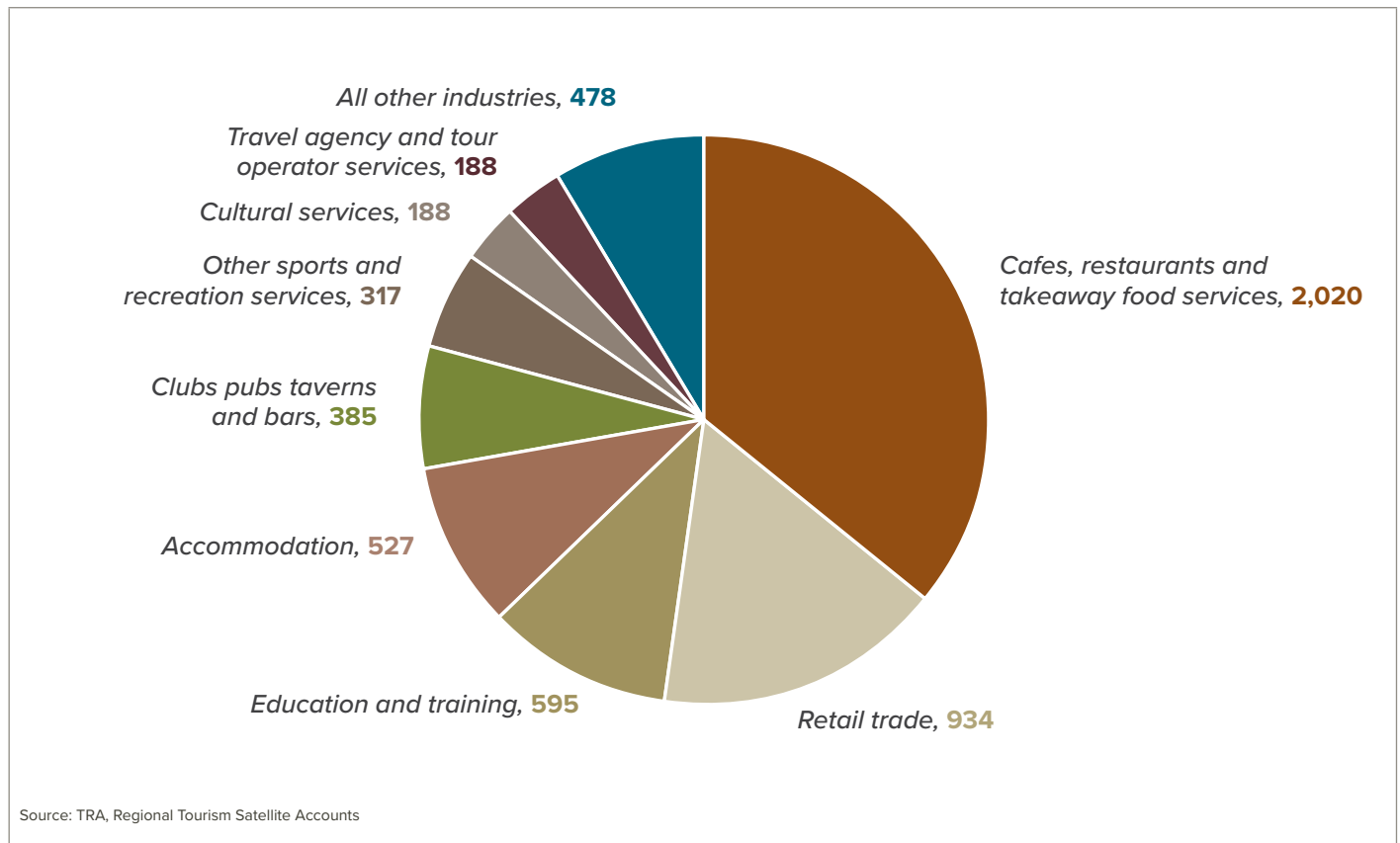
The impacts of COVID-19 are expected to lead to a deep recession for the tourism industry throughout Australia, extending to at least the end of 2021. However, of all Victoria's regions the Yarra Valley and Dandenong Ranges is expected to have one of the shallowest and least enduring falls.

**About 70% of Australia's consumers are expected to reduce travel spending over the next three years.**



# WHAT AREAS ARE OUR VISITOR ECONOMY JOBS IN?

Jobs directly due to visitor spending in the Yarra Valley and Dandenong Ranges region in 2017-18



	Benchmark YE Dec 2019	2020/21		2021/22		2022/23	
		Fast	Slow	Fast	Slow	Fast	Slow
Economic Impact		Fast	Slow	Fast	Slow	Fast	Slow
Spending & Jobs	610M GRP	- 25%	- 37%			6%	- 7%
Jobs	7,200	- 2,327	3,358			512	- 624
Domestic Day Trips Visitors	5.8M	- 15%	- 25%	5%	- 15%	10%	0%
Domestic VFR/Business/ Other nights	1.76M	- 25%	- 40%	0%	- 25%	5%	- 10%
Domestic holiday short break (2 nights or less) visitor nights	0.47M	- 35%	- 45%	- 15%	- 30%	0%	- 20%
Domestic holiday long break (3 nights or more) visitor nights	0.49M	- 45%	- 55%	- 25%	- 40%	- 10%	- 25%
International visitor nights	1.3M	- 60%	- 70%	- 10%	- 35%	5%	0%

The above table represent economic forecasts by Decisive Consulting, for a fast versus a slow recovery

## WHAT FACTORS WILL IMPACT THE YARRA VALLEY AND DANDENONG RANGES VISITOR ECONOMY?

- Fears of infection and a weaker economy putting pressure on discretionary spending.
- Consumer spending centered around groceries and shopping is replacing travel spending and dining.
- Holiday overnight spending expected to fall heavily in 2020/21.
- Business events, conferences, meetings, and major events to be very slow to recover.
- Many event organiser's unsure when they can return to the market and whether they will have a viable product due to ongoing distancing rules.
- Aggressive discounting of high-volume Melbourne accommodation expected to hurt regional destinations, impacting profitability of regional businesses.
- Reduced leave balances following lockdown and home schooling.
- When international borders reopen, an expected rush on outbound travel will further impact on a soft domestic market.
- Deeper impact for businesses tailored to international visitors until after borders re-open.
- Ongoing policy support like JobKeeper, boosting business cash flows and Business Support fund may require extensions and variation to capture those most impacted in the regional tourism industry.

## THE GOOD NEWS FOR THE YARRA VALLEY AND DANDENONG RANGES?

- We are a destination close to Melbourne with a diverse range of product price points.
- Our region will see a faster recovery than other regional Victoria destinations as we quickly capture the day trip market.
- Strength in the attraction and visitation of younger visitors.
- Suitable businesses such as a wineries and farm-gates that can provide outdoor dining spaces that achieve social distancing as they re-open.
- Less interstate travel expected, especially if a second major domestic airline does not emerge.
- Profitability of surviving businesses likely to increase, due to increased market share.
- Less reliance on working holiday workers across region.
- Increased appetite to visit, friends and relatives.
- The ability of wine tourism and other culinary experiences to undertake online sales.
- Various international product experiences to focus on the domestic market.
- Governments are responding to the needs of the tourism industry, like never before, to help them survive.
- Victoria and Australia are net exporters of hotel nights, this means we stay more nights overseas than in Australian hotels.

## HOW TO YOU MIGHT USE THIS SUMMARY

The summary table of economic forecasts may be helpful in your business, or to help you plan for the years ahead. You may like to download the entire report from the [yarrarangestourism.com.au](http://yarrarangestourism.com.au) website to read more about the underlying assumptions. This is a dynamic environment and things can change very quickly.

## HOW IS YARRA RANGES TOURISM USING THIS REPORT?

This report has provided us with an important understanding of the likely economic impacts on our region. It will help us respond to the pandemic. Our Crisis Response and Recovery Committee is using it to develop a range of short and long-term strategies to re-boot the visitor economy. The report is the basis for the important dialogue and advocacy we are having with Governments on what support it will take for the regional tourism industry to get back to normal.



## NEED HELP?

Contact the Yarra Ranges Tourism team for advice and support on the various program available to support business in tourism [info@yarrarangestourism.com.au](mailto:info@yarrarangestourism.com.au)