# *Yarra Valley and Dandenong Ranges*

## *Visitor Economy Overview*

Report prepared by

TEVE Research

June 2022

***Non-publishable data suppressed***

# Contents



**Due care is taken in the production of this report, however DJPR accepts no responsibility for use of this information.**

Yarra Valley and Dandenong Ranges tourism region includes the following SA2s:

- Eltham, Hurstbridge, Panton Hill - St Andrews, Plenty - Yarrambat, Upper Yarra Valley, Research - North Warrandyte, Wattle Glen - Diamond Creek, Belgrave – Selby, Chirnside Park, Healesville - Yarra Glen, Kilsyth, Lilydale – Coldstream, Monbulk – Silvan, Montrose, Mooroolbark, Mount Dandenong – Olinda, Mount Evelyn, Upwey – Tecoma, Wandin – Seville, Yarra Valley, Beaconsfield – Officer, Bunyip – Garfield, Emerald – Cockatoo, Koo Wee Rup, Pakenham – North, Pakenham - South

VICTORIA State Government | Jobs, Precincts and Regions

# Summary

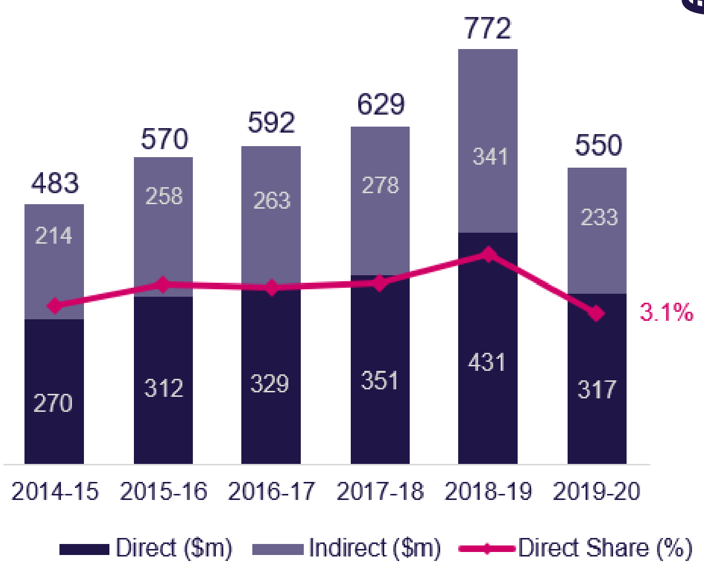
## Yarra Valley and Dandenong Ranges' visitor profile and visitor behaviour has changed in the wake of the COVID-19 pandemic, and while the region's visitor economy has been negatively impacted, its prospects for recovery are positive.

- Tourism is an important industry for Yarra Valley and Dandenong Ranges which generated $550 million in GRP in 2019-20 (5.4% of the region's total economy) and employed an estimated 7,500 people (or 7.3% of total employment in the region). *(direct + indirect impacts)*
- Before the COVID-19 pandemic, total visitor spend in Yarra Valley and Dandenong Ranges was worth $772 million in the year ending December 2019, after a period of strong growth over five years of 11% per annum (year ending December 2014 to 2019).
- Results for the year ending June 2021 reflect the severity of the crisis on the region's tourism industry: compared to 2019, total visitor spend was down $360 million (-47%) to $411 million and total visitors were down 2.9 million (-49%) to 3.0 million visitors to the Yarra Valley and Dandenong Ranges region.
- However, in the year ending June 2021 domestic overnight visitors to the region on average stayed marginally longer (2.5 nights vs 2.4 nights in 2019), and while spend per trip was slightly less than before the COVID-19 pandemic ($327 vs $332 in 2019) as was spend per night ($130 vs $137 in 2019), total domestic overnight spend has started to show signs of rebounding, with increases observed in each of the last two quarters (since year ending December 2020).
- Over this time, the domestic visitor profile to the region has changed. Compared with pre-pandemic visitors to the region in 2019, domestic overnight visitors to Yarra Valley and Dandenong Ranges in the year ending June 2021 were more likely to:
  - live in Melbourne
  - travel alone or with friends or relatives
  - be in the young/midlife single lifecycle group
  - have only one stopover on their trip
  - self-drive
  - go shopping/to markets

*items in red italics should be interpreted with caution as based on a small sample size

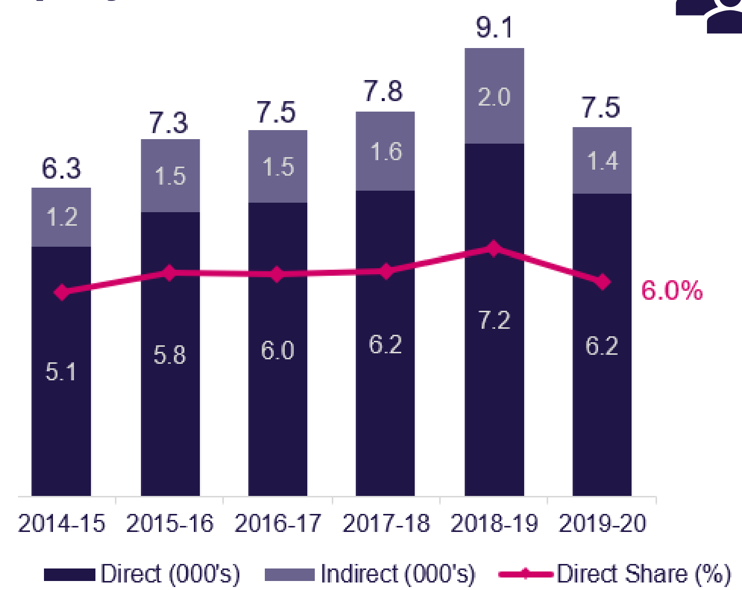
# The value of the visitor economy in Yarra Valley and Dandenong Ranges has fallen due to COVID-19

## Gross Regional Product (GRP)




Ranked **9th** in % Direct GRP against other VIC tourism regions.

## Employment




Ranked **9th** in % Direct Jobs against other VIC tourism regions.

**Tourism GVA** direct $294m + indirect $207m = $501m. **Top industry sector by direct GVA:**

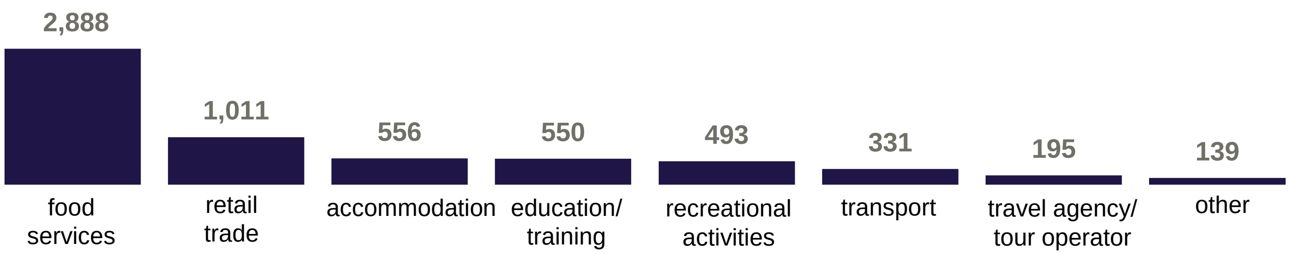
| Food services | Retail trade | Accommodation | Transport | Education and Training | Travel agency/ tour operator |
|---|---|---|---|---|---|
| 26% | 17% | 15% | 13% | 12% | 7% |
| **$75m** | **$50m** | **$45m** | **$37m** | **$36m** | **$19m** |

Source: 2019-20 Regional Tourism Satellite Accounts, Tourism Research Australia, released July 2021. Refer to definitions in Appendix.

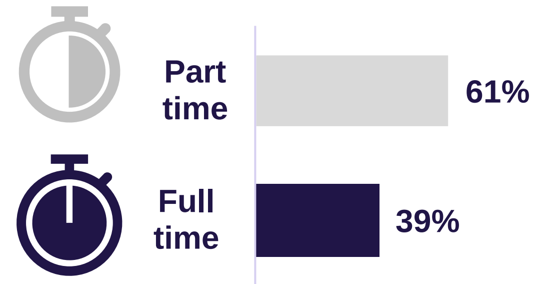


Please note: These estimates reflect the regional boundary definitions in 2019-20. i.e. includes Murrindindi Shire.

## Direct employment by industry:




## Employment Status




## Tourism consumption = $755m. By segment:


Daytrips
**$372m**

Intrastate overnight
**$277m**

Interstate overnight
**$65m**

International overnight
**$41m**

**3,362**
**Tourism businesses**

Total Employing = 1,647

Non-Employing = 1,715

| Micro | Small | Medium | Large |
|---|---|---|---|
| 984 | 547 | 110 | 6 |

## Top tourism products by consumption:

| Takeaway/restaurants | Shopping | Fuel | Long distance transport | Rec/cultural/sporting services | Food Products | Other |
|---|---|---|---|---|---|---|
| 19% | 17% | 13% | 11% | 7% | 6% | 27% |

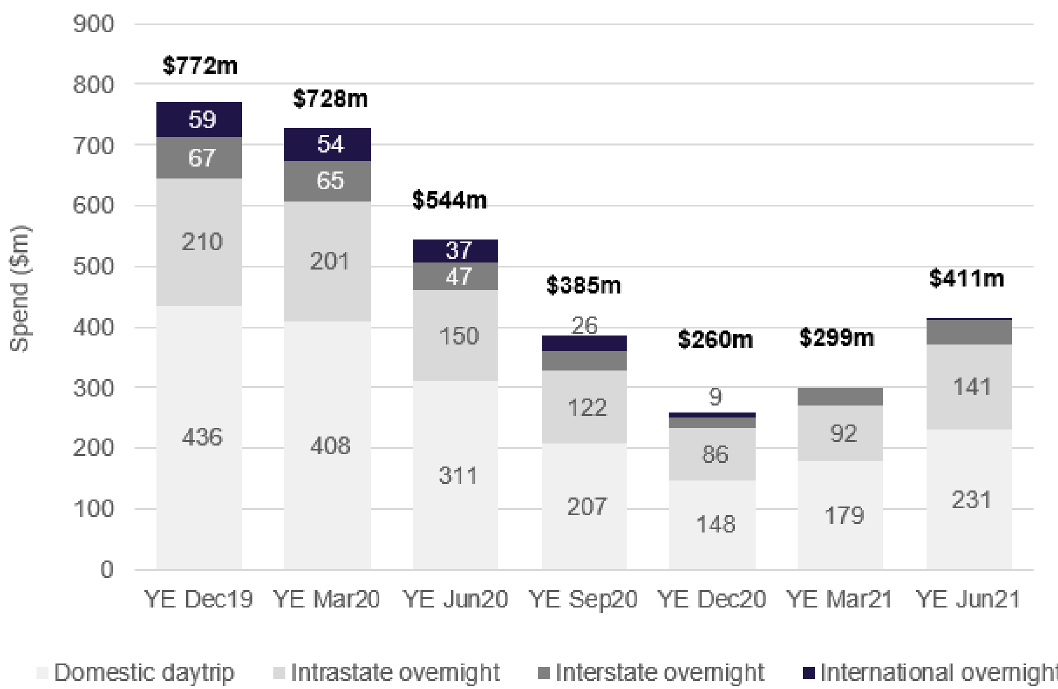
Source: 2019-20 Regional Tourism Satellite Accounts, Tourism Research Australia, released July 2021. Refer to definitions in Appendix.



Please note: These estimates reflect the regional boundary definitions in 2019-20. i.e. includes Murrindindi Shire.

# Yarra Valley and Dandenong Ranges' visitor economy has been greatly impacted by COVID-19, although recovery prospects look positive

Without international visitors, Yarra Valley and Dandenong Ranges received approximately 3.0 million domestic (overnight and daytrip) visitors, who spent an estimated $411 million in the year ending June 2021. This represents a substantial decline of 2.9 million visitors (-49%) and $360 million (-47%) compared with pre-COVID-19 visitation (5.9 million total visitors) and spend ($772 million total spend) in the year ending December 2019^.




In the year ending June 2021 **56%** of total tourism spend was generated by the domestic daytrip market, in line with 2019. A further **34%** of spend was generated by intrastate overnight visitors, up from 27% in 2019. There was a similar level of reliance on interstate markets (which had generated 9% in 2019), while international markets were absent due to international border closures (they had accounted for 8% of total spend in 2019).

*Figures in red italics should be interpreted with caution as based on a small sample size

Source: National and International Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021. ^ Note that visitor and spend figures from 2019 include international overnight visitors to the region. These visitors are absent from YEJune21 figures due to international border closures.

# Impact of the crisis – YE June 2021 vs YE December 2019 domestic results

**Total domestic spend**

$ **$411 m** -42%

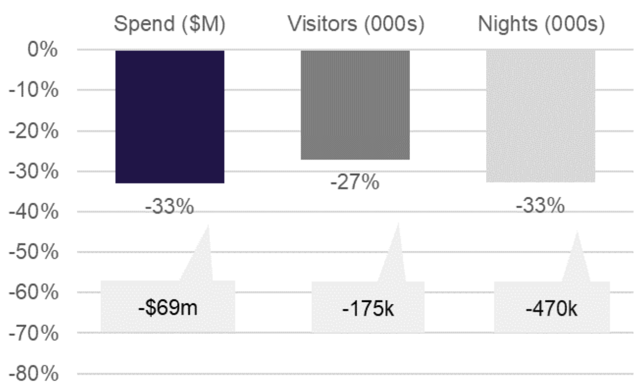
**Total domestic visitors**

**3.0 m** -48%

**Total domestic nights**

**1.4 m** -32%

## Intrastate overnight visitors

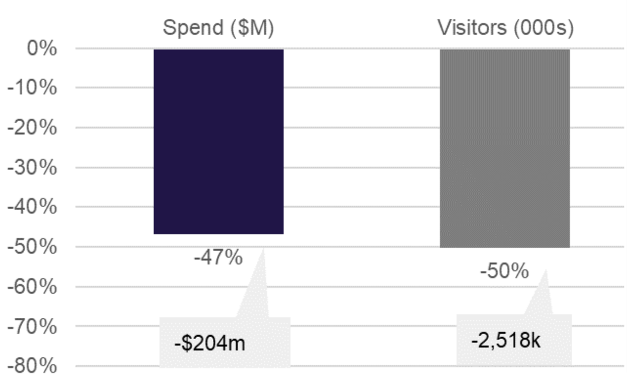



In the year ending June 2021 spend was down **$69 million** (-33%), with 175,000 (-27%) fewer intrastate visitors compared to the year ending December 2019.

## Interstate overnight visitors

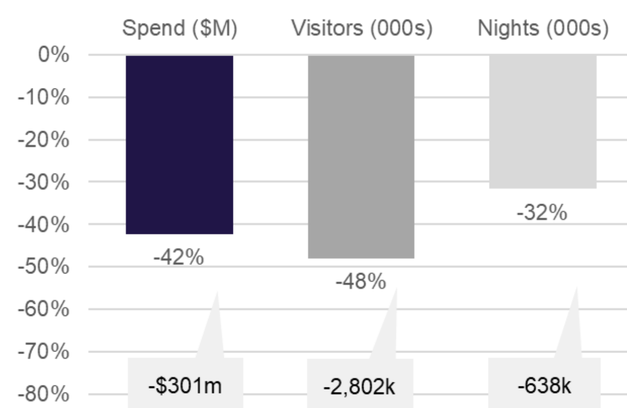
Data for interstate visitors, nights and spend is below publishable thresholds.

## Daytrip visitors




In the year ending June 2021 spend was down **$204 million** (-47%), with 2.5 million (-50%) fewer daytrip visitors compared to the year ending December 2019.

## Total domestic visitors



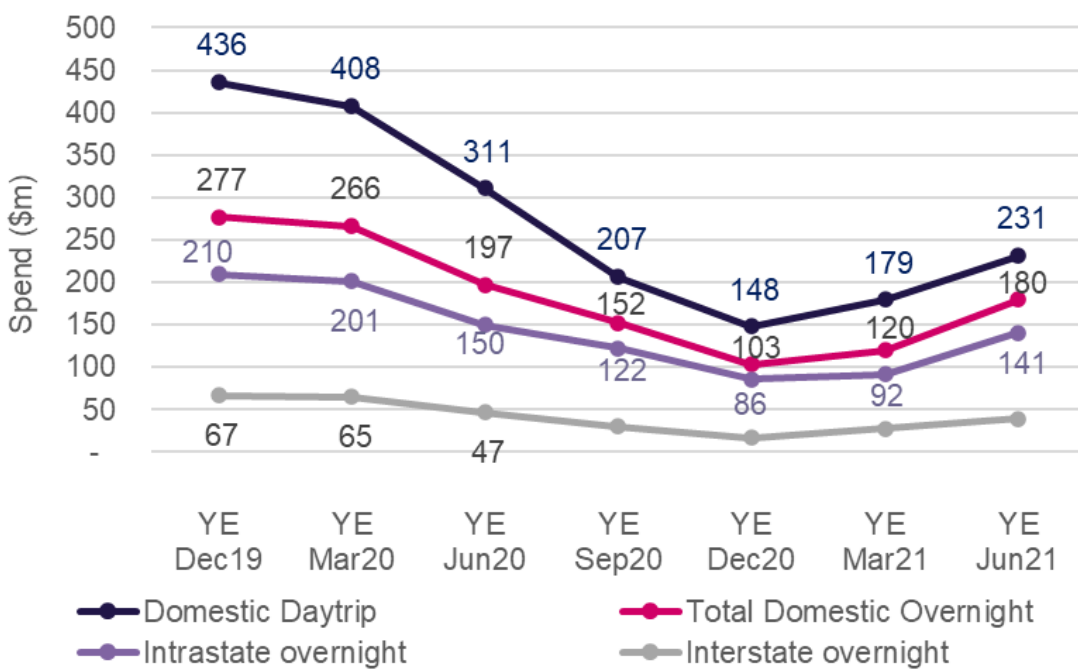

In the year ending June 2021 spend was down **$301 million** (-42%), with 2.8 million (-48%) fewer domestic visitors compared to the year ending December 2019.

Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

*Figures in red italics should be interpreted with caution as based on a small sample size

# Total domestic spend in the region

Total domestic (overnight and daytrip) spend was $411 million in the year ending June 2021, a decline of 42% or $301 million compared with 2019. Encouragingly, total domestic overnight spend (driven by intrastate overnight spend) has started to show signs of rebounding, with increases observed in each of the last two quarters (since year ending December 2020).




## Daytrip Spend

**$231m ⬇ -26%** y/y

**-47% down $204m from 2019**

## Total Domestic Overnight Spend

**$180m ⬇ -9%** y/y

**-35% down $97m from 2019**

## Intrastate Spend

**$141m ⬇ -6%** y/y

**-33% down $69m from 2019**

## Interstate Spend

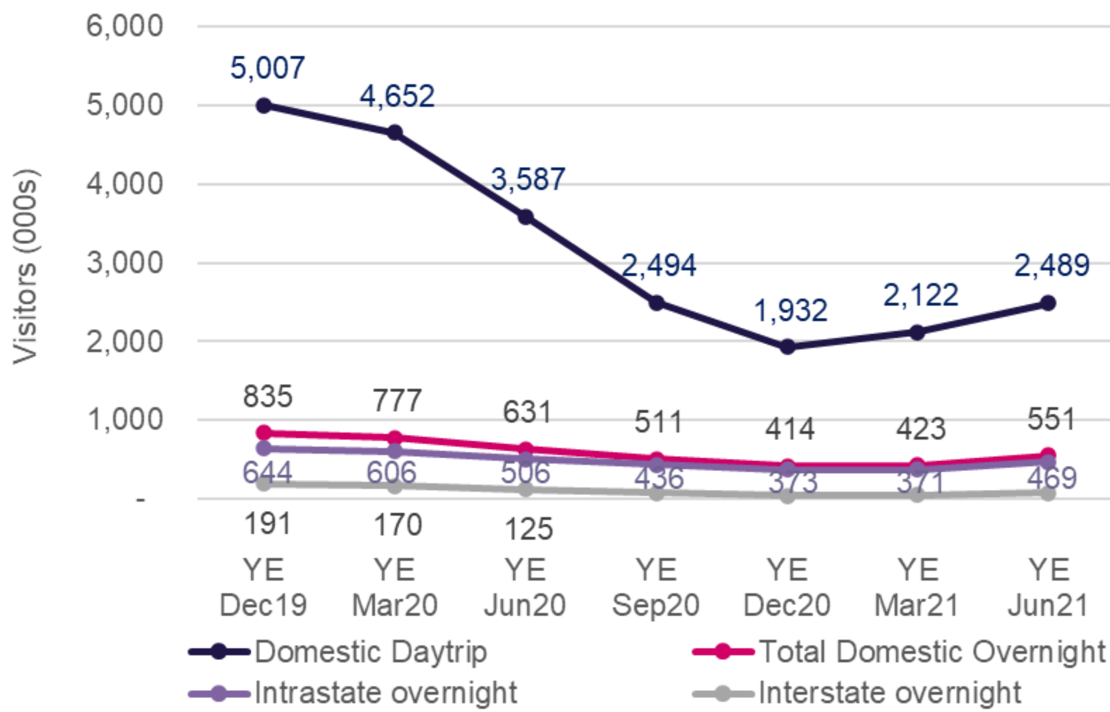
Some figures for interstate spend is below publishable thresholds and suppressed.

*Figures in red italics should be interpreted with caution as based on a small sample size

Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

# Total domestic visitors to/ within the region

In the year ending June 2021, there were 3.0 million total domestic (overnight and daytrip) visitors to the region, a decline of 48% or 2.8 million domestic visitors compared with 2019.




## Daytrip Visitors

**2.5m** ⬇ **-31%** y/y

**-50% down 2.5m from 2019**

## Total Domestic Overnight Visitors

**551k** ⬇ **-13%** y/y

**-34% down 284k from 2019**

## Intrastate Visitors

**469k** ⬇ **-7%** y/y

**-27% down 175k from 2019**

## Interstate Visitors

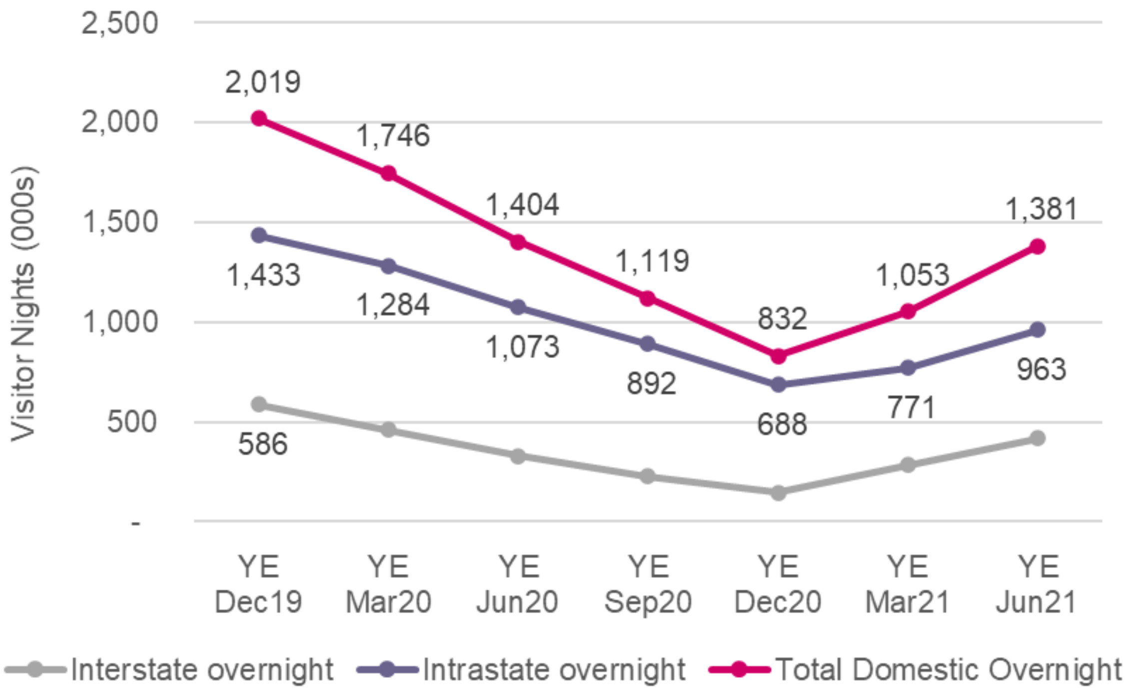
Some figures for interstate spend is below publishable thresholds and suppressed.

*Figures in red italics should be interpreted with caution as based on a small sample size

Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

# Total domestic visitor nights in the region

In the year ending June 2021, domestic visitors spent 1.4 million nights in the region, a decline of 32% or 638,000 nights compared with 2019. Encouragingly, increases have been observed in intrastate visitor nights in each of the last two quarters (since year ending December 2020).




## Total Domestic Nights

**1.4m** ⬇ **-2%** y/y

**-32% down 638k from 2019**

## Intrastate Nights

**963k** ⬇ **-10%** y/y

**-33% down 470k from 2019**

## Interstate Nights

Some figures for interstate spend is below publishable thresholds and suppressed.

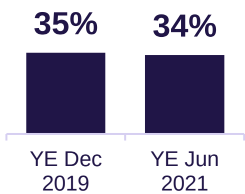
*Figures in red italics should be interpreted with caution as based on a small sample size

Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

# Melbourne was the largest source market of domestic overnight visitors to Yarra Valley and Dandenong Ranges. The main purpose of visit for domestic overnight travellers was to visit friends and relatives…

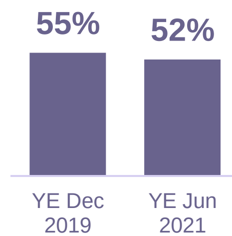
## Domestic Overnight Purpose

**Holiday**




**VFR**

Visiting Friends and Relatives

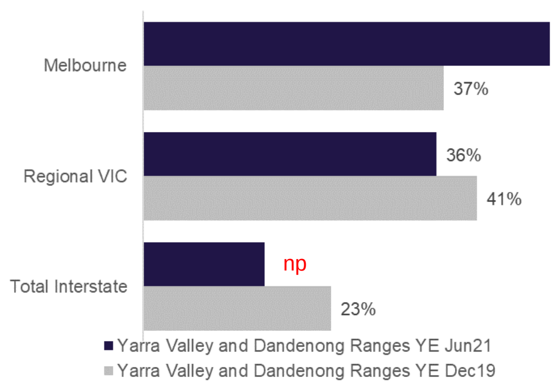



**Business**

Figures for business visitors is below publishable thresholds.

## Domestic Overnight Origin

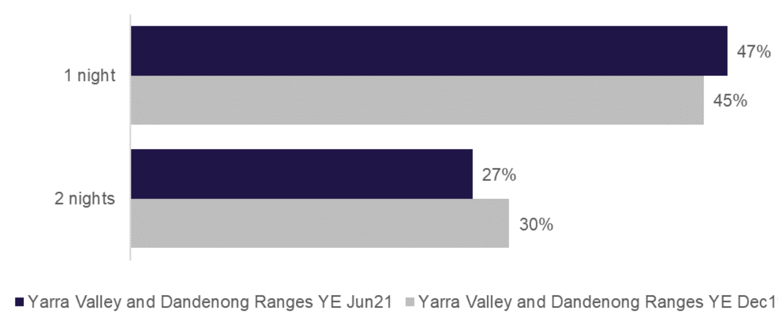
Compared to 2019, the proportion of overnight visitors to the region from Melbourne has grown (+13% pts) as regional Victorian and interstate visitors have declined due to restrictions. However, compared to regional Victoria on average in the year ending June 2021, domestic overnight visitors to the region were less likely to come from Melbourne (50% compared to 55%).




Melbourne is the source of **50%** of overnight visitors

## Length of stay in the region

The most common length of stay in the region was one night (47% of visitors), up slightly from 45% in 2019. This was much higher than the regional Victoria average for a one night stay (32%) in the year ending June 2021. Conversely, visitors to the region were less likely to stay for two nights (27% compared to 31% for regional Victoria).




Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021.

*Figures in red italics should be interpreted with caution as based on a small sample size

# How long did visitors stay and how much did they spend in the region?

## Intrastate overnight

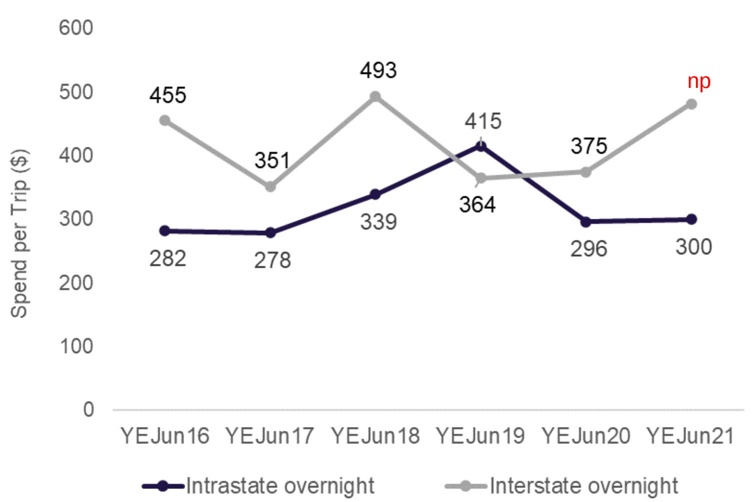
| Average length of stay | | Average spend per visitor | | Average spend per night | |
|---|---|---|---|---|---|
| nights 2.2 | YE Dec 2019 | $326 | YE Dec 2019 | $146 | YE Dec 2019 |
| 2.1 | YE Jun 2021 | $300 | YE Jun 2021 | $146 | YE Jun 2021 |

## Interstate overnight

| Average length of stay | | Average spend per visitor | | Average spend per night | |
|---|---|---|---|---|---|
| nights 3.1 | YE Dec 2019 | $350 | YE Dec 2019 | $114 | YE Dec 2019 |
| np | YE Jun 2021 | np | YE Jun 2021 | np | YE Jun 2021 |

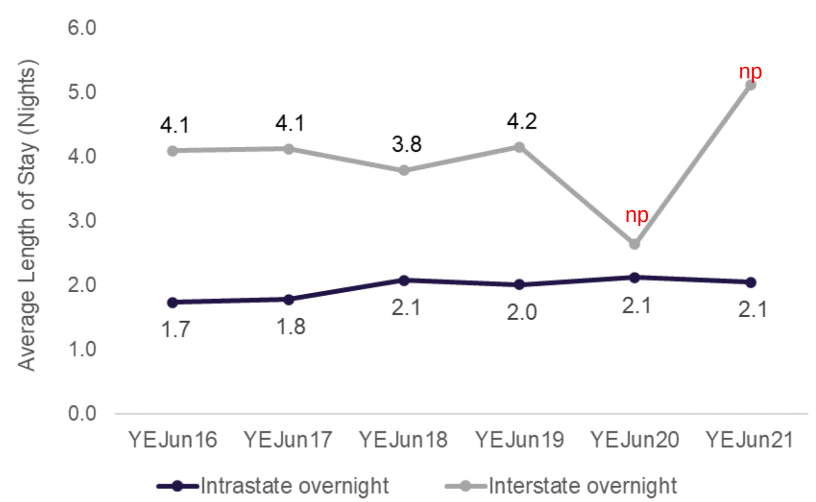
## Average spend per trip

Chart over time intra/inter




## Average visitor length of stay

Chart over time intra/inter

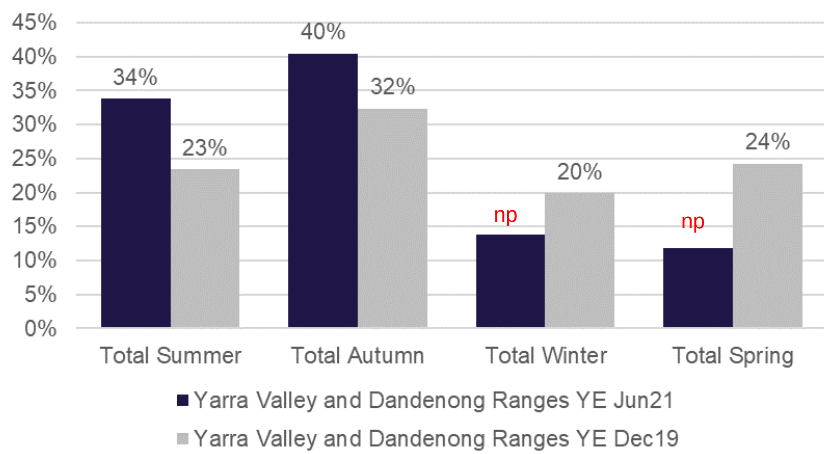



Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021.

*Figures in red and/or italics should be interpreted with caution as based on a small sample size

# Domestic overnight travel period and stopovers

During the year ending June 2021, Autumn was the peak season of visitation to Yarra Valley and Dandenong Ranges (40% compared to the regional Victoria average of 35% and up from 32% in 2019), followed by Summer (34% compared to the regional Victoria average of 38% and up from 23% in 2019). It is important to note that travel during Winter and Spring 2020 were severely impacted by the lockdowns in Melbourne and regional Victoria, which inflated the relative contribution of travel in Summer and Autumn, when lockdowns were much shorter and more sporadic.




**34%** Summer

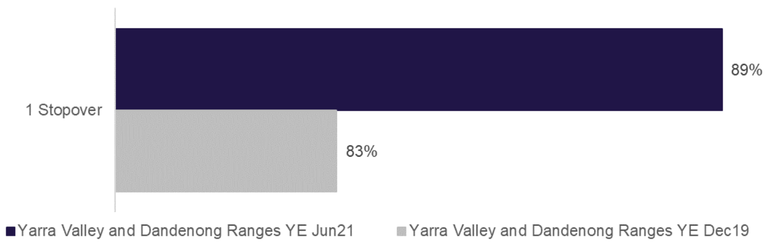
**40%** Autumn

***np*** Winter

***np*** Spring

Visitation in **Summer** increased more than 10 percentage points compared to 2019.

## Number of stopovers on trip




In the year ending June 2021, 89% of domestic overnight visitors to the region had one stopover on their trip, up from 83% in 2019 and now on par with the regional Victoria average (89%).

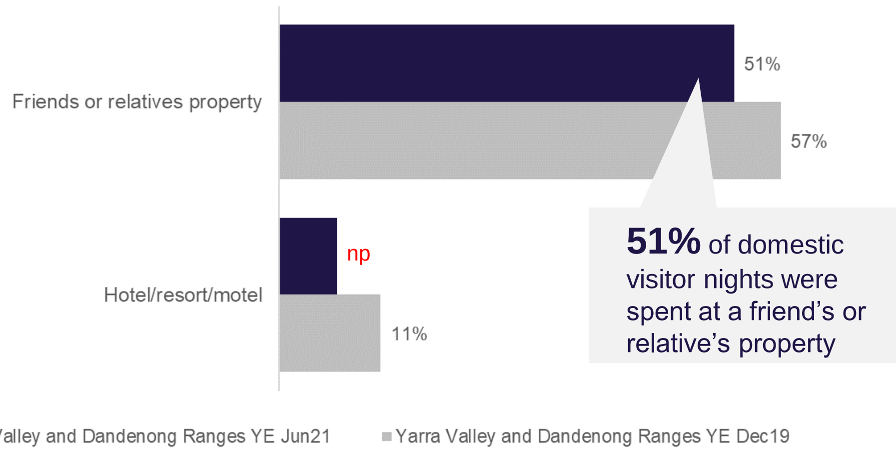
Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

*Figures in red and/or italics should be interpreted with caution as based on a small sample size

# Where did domestic overnight visitors stay in the region?

## Accommodation type (nights)

In the year ending June 2021, 51% of all domestic visitor nights in the region were spent at a friend's or relative's property, lower than in 2019 (57%) but higher than the regional Victorian average of 35% in the year ending June 2021.




YE Jun 2021

***np***

YE Dec 2019

**$217**

In the year ending June 2021, the average spend per night in the region by visitors who stayed in **commercial accommodation#** was *non publishable.*

This was down from $217 in 2019.

# average for entire trip, not the amount spent on accommodation

Yarra Valley and Dandenong Ranges

***np***

Regional Victoria

**10%**

In the year ending June 2021, *a proportion* of domestic overnight visitors to the region used share accommodation (e.g. Airbnb) on their trip.

This was *slightly higher* than the regional Victorian average of 10%.

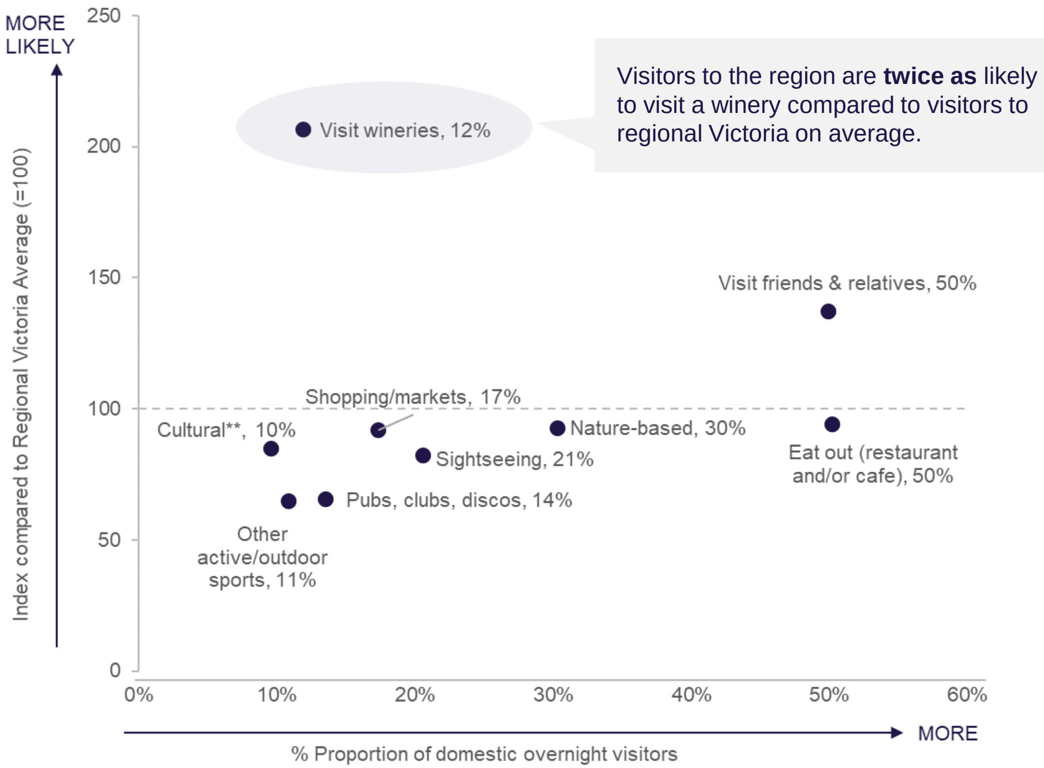
Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

*Figures in red and/or italics should be interpreted with caution as based on a small sample size

Internal use only – not for broader distribution

# What do visitors typically do in region?

## Top activities for domestic overnight visitors in 2 years ending June 2021*




## Top 5 activities

| | YE Dec 2019 | YE Jun 2021 |
|---|---|---|
| 1. | Eating out | VFR^ |
| 2. | VFR^ | Eating out |
| 3. | Nature-based | Nature-based |
| 4. | Sightseeing | Shopping/ markets |
| 5. | Shopping/ markets | Sightseeing |

Notably, visitors to Yarra Valley and Dandenong Ranges are more likely to

*Visit a winery*

*or visit friends and relatives* than the regional average

^VFR= Visiting Friends and Relatives

In terms of *places visited*# in Victoria, an estimated 586,000 or 4 per cent of domestic overnight visitors to/within Victoria went to **Yarra Valley and Dandenong Ranges** in the year ending June 2021.

*includes two years of data to improve the reliability of estimates #This is based on *places visited* question in the NVS, rather than a total of overall overnight visitors.
Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

Internal use only – not for broader distribution

# Domestic overnight travel party and lifecycle

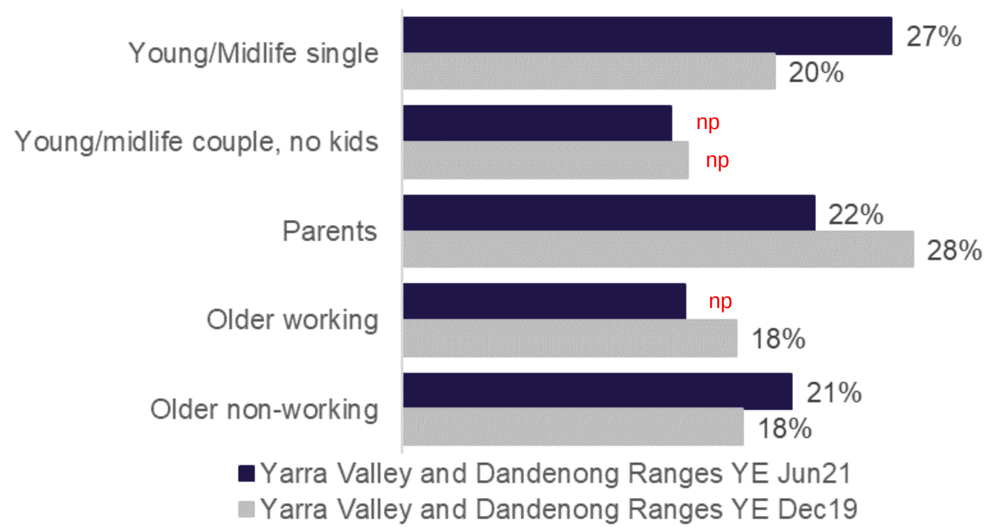
The most common travel party group to travel to Yarra Valley and Dandenong Ranges for an overnight stay in the year ending June 2021 was those travelling alone.

| Travelling alone | Adult couple | Family group (parents and children) | Friends or relatives travelling together |
|---|---|---|---|
| 32% YE Dec 2019 | 37% YE Dec 2019 | np YE Dec 2019 | 15% YE Dec 2019 |
| 42% YE Jun 2021 | 23% YE Jun 2021 | np YE Jun 2021 | 21% YE Jun 2021 |

## Domestic overnight visitors

### Lifecyle of visitors

**Young/midlife singles** were the largest lifecycle group during the year ending June 2021, having increased by more than 6 percentage points since 2019. Conversely, the parents lifecycle group contracted by more than 5 percentage points over the same period.



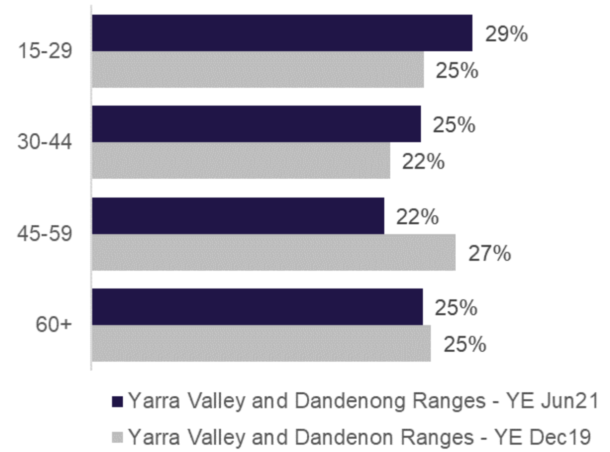

Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021.

*Figures in red and/or italics should be interpreted with caution as based on a small sample size

Internal use only – not for broader distribution

## Age Profile

Visitors in the younger age groups grew as a proportion of total visitors compared to before COVID-19




## Gender

59% 49%

YE Dec 2019 YE Jun 2021

41% 51%

YE Dec 2019 YE Jun 2021

## Transport

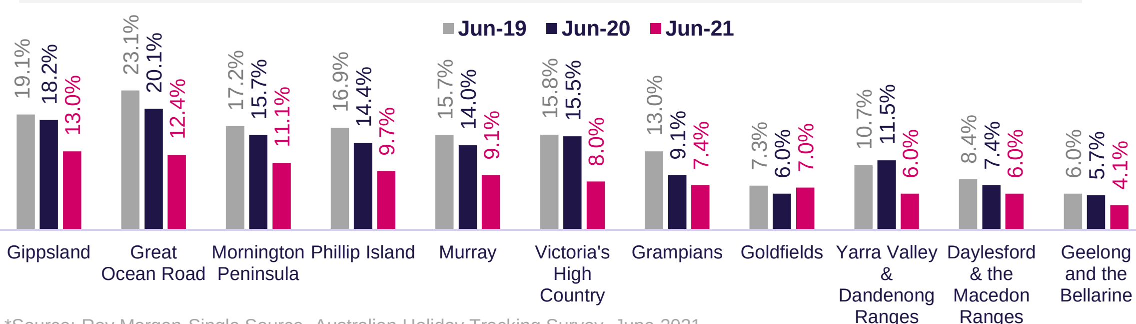
Drive: 84% YE Dec 2019; 86% YE Jun 2021

Fly: np YE Dec 2019; np YE Jun 2021

Rail/Bus/Coach: np YE Dec 2019; np YE Jun 2021

## HTS* Intrastate Travel Preference

Goldfields was the only region to experience an increase in travel preference (+1% point) year-on-year to June 21. Gippsland had the highest intrastate travel preference to regional Victoria for June 21 at 13.0%, followed by Great Ocean Road at 12.4%.




*Source: Roy Morgan Single Source, Australian Holiday Tracking Survey, June 2021.

## Events (2019)^

**201,000**

Total domestic visitors to the region

**4%** of total domestic visitors to the region

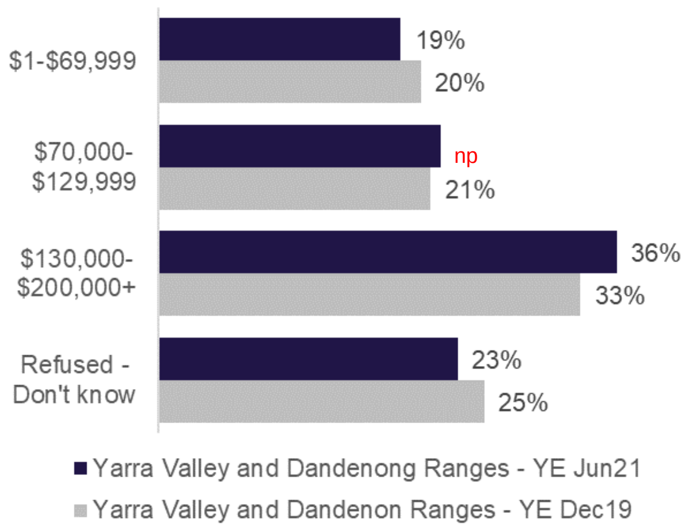
**5%** regional Victoria average

(^2 year average from 2 years ending December 2019)

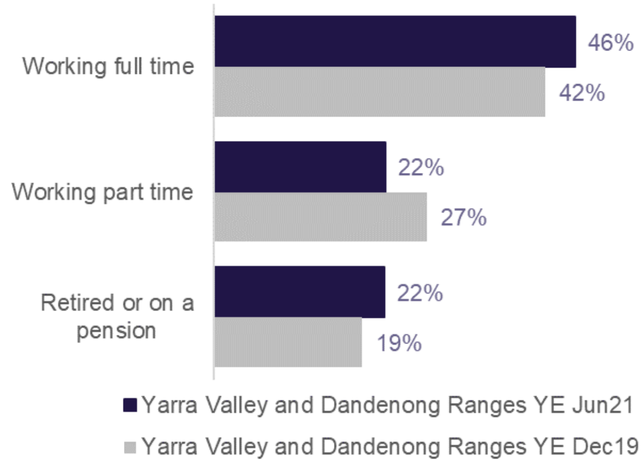
Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021.

*Figures in red and/or italics should be interpreted with caution as based on a small sample size

## Household Income



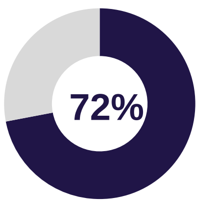

## Employment Status



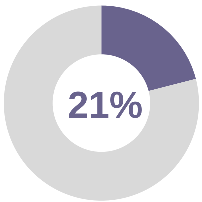

*Note: does not include all categories (unemployed or looking for work, mainly doing home duties, studying)*

## Top performing LGAs

In the year ending June 2021, the Yarra Ranges LGA accounted for 72 per cent of all domestic visitor spend in the region, or $292 million. Cardinia was the only LGA to experience growth in share since 2019, increasing 8.5% pts in the period.




Yarra Ranges
**$292m**




Cardinia
**$84m**

Nillumbik
***np***

Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

*Figures in red and/or italics should be interpreted with caution as based on a small sample size

# Domestic Daytrips – year ending June 2021

## Spend
**$231m** ▼ -47%
vs YE Dec19.

## Visitors
**2.5m** ▼ -50%
vs YE Dec19.

**Average spend per visitor**
**$93** ▲ +7%
vs YE Dec19.

## Origin (%)
Melbourne **71%**
Regional Victoria **29%**
Interstate *np*

**% of overall spend to the region**

**56%** Yarra Valley and Dandenong Ranges
**28%** Regional Victoria

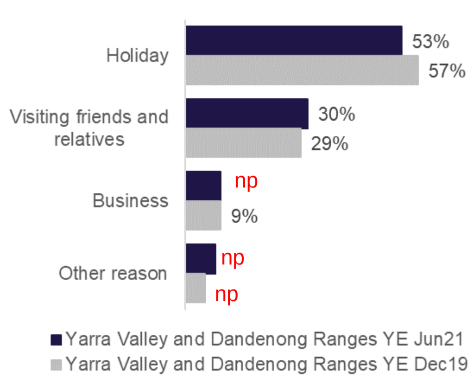
**% of overall visitors to the region**

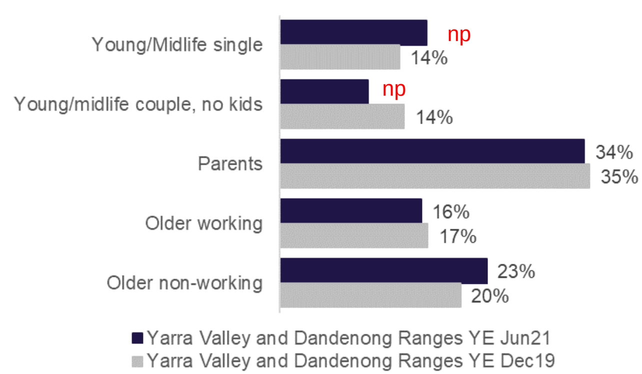
**82%** Yarra Valley and Dandenong Ranges
**65%** Regional Victoria

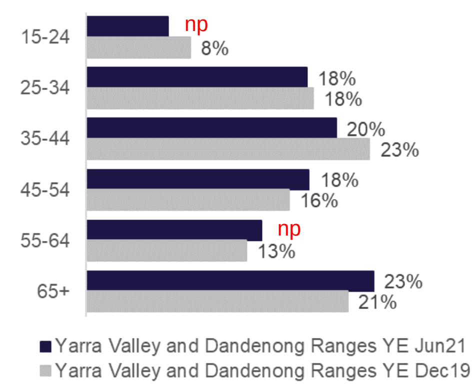
## Top 3 Activities

| | | |
|---|---|---|
| Eating out | 46% | Similar to the regional Victoria average (44%) |
| VFR^ | 30% | Similarly to the regional Victoria average (29%) |
| Nature-based | 30% | **1.6 times** as likely to participate in nature-based experiences than the regional Victoria average |

^VFR= Visiting Friends and Relatives

## Purpose (%)



## Lifecycle (%)



## Age Profile (%)



Source: National Visitor Survey, year ending June 2021, published by Tourism Research Australia, September 2021

*Figures in red and/or italics should be interpreted with caution as based on a small sample size

# International overnight – year ending December 2019

**This is the latest available period before border closures.**

## Spend

**$59m** *np*

## Overnight Visitors

**62k** ▲ +41% y/y

## Nights

**1.3m** ▼ +61% y/y

| Average length of stay | Average spend per visitor | Average spend per night |
|---|---|---|
| **21.1** nights | **$949** | **$45** |

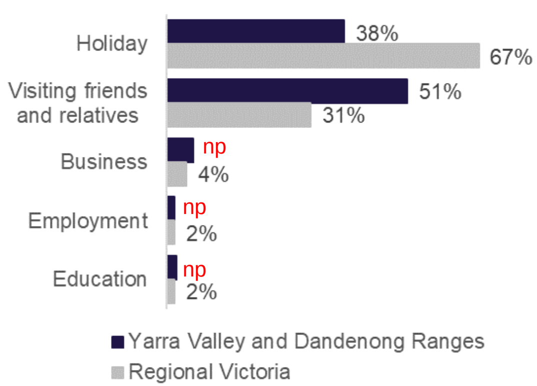
**% of overall visitors to the region**

| Yarra Valley and Dandenong Ranges | Regional Victoria |
|---|---|
| 1% | 1% |

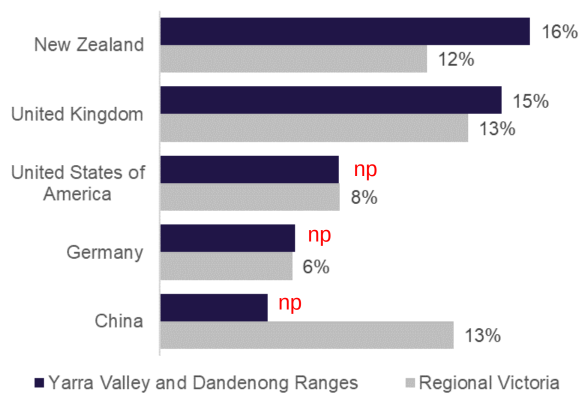
**% of overall spend to the region**

| Yarra Valley and Dandenong Ranges | Regional Victoria |
|---|---|
| 8% | 5% |

## Purpose (%)




## Key source markets (%)




## Estimated Daytrips

**569,600^** visitors

## Total international visitors (overnight and daytrip)

**622,900^**

or **20%** of visitors to Victoria

^2 year average

# Summary Table

| Tourism Economic Contribution | 2014-15 | 2015-16 | 2016-17 | 2017-18 | 2018-19 | 2019-20 | AAG (2015-20) (% p.a.) | YOY change (2019-20) (%) |
|---|---|---|---|---|---|---|---|---|
| **Gross Regional Product (GRP)** | | | | | | | | |
| Direct GRP ($m) | 270 | 312 | 329 | 351 | 431 | 317 | 3% p.a. | -26% |
| Indirect GRP ($m) | 214 | 258 | 263 | 278 | 341 | 233 | 2% p.a. | -32% |
| **Total GRP ($m)** | **483** | **570** | **592** | **629** | **772** | **550** | **3% p.a.** | **-29%** |
| Direct GRP (%) | 3.3% | 3.7% | 3.7% | 3.8% | 4.3% | 3.1% | -0.2%pts | -1.2%pts |
| Indirect GRP (%) | 2.6% | 3.1% | 2.9% | 3.0% | 3.4% | 2.3% | -0.3%pts | -1.1%pts |
| **Total GRP (%)** | **5.9%** | **6.8%** | **6.6%** | **6.7%** | **7.7%** | **5.4%** | **-0.5%pts** | **-2.4%pts** |
| **Persons Employed** | | | | | | | | |
| Direct Employment (000s) | 5.1 | 5.8 | 6.0 | 6.2 | 7.2 | 6.2 | 4% p.a. | -14% |
| Indirect Employment (000s) | 1.2 | 1.5 | 1.5 | 1.6 | 2.0 | 1.4 | 3% p.a. | -30% |
| **Total Employment (000s)** | **6.3** | **7.3** | **7.5** | **7.8** | **9.1** | **7.5** | **4% p.a.** | **-18%** |
| Direct Employment (%) | 5.7% | 6.3% | 6.2% | 6.3% | 7.1% | 6.0% | 0.3%pts | -1.1%pts |
| Indirect Employment (%) | 1.3% | 1.6% | 1.6% | 1.6% | 1.9% | 1.3% | 0.0%pts | -0.6%pts |
| **Total Employment (%)** | **7.0%** | **7.9%** | **7.8%** | **7.9%** | **9.0%** | **7.3%** | **0.3%pts** | **-1.6%pts** |

| Visitors, Nights and Expenditure | YE Jun 2016 | YE Jun 2017 | YE Jun 2018 | YE Jun 2019 | YE Jun 2020 | YE Jun 2021 | AAG (YE Jun 2016-21) (% p.a.) | YOY change (YE Jun 2020-21) (%) |
|---|---|---|---|---|---|---|---|---|
| **Domestic** | | | | | | | | |
| Daytrip visitors (000's) | 3,978 | 3,584 | 3,844 | 4,616 | 3,587 | 2,489 | -9% p.a. | -31% |
| Overnight visitors (000's) | 596 | 681 | 630 | 762 | 631 | 551 | -2% p.a. | -13% |
| Total domestic visitors (000's) | 4,574 | 4,265 | 4,474 | 5,377 | 4,218 | 3,040 | -8% p.a. | -28% |
| Visitor nights (000's) | 1,397 | 1,558 | 1,607 | 1,879 | 1,404 | 1,381 | -0% p.a. | -2% |
| Length of stay (nights) | 2.3 | 2.3 | 2.6 | 2.5 | 2.2 | 2.5 | | |
| Daytrip Expenditure ($m) | 315 | 281 | 313 | 357 | 311 | 231 | -6% p.a. | -26% |
| Daytrip spend per trip | 79 | 78 | 81 | 77 | 87 | 93 | | |
| Domestic Overnight Expenditure ($m) | 194 | 200 | 240 | 308 | 197 | 180 | -2% p.a. | -9% |
| Domestic Overnight Spend per Visitor ($) | 326 | 294 | 381 | 404 | 312 | 327 | | |
| Domestic Overnight Spend per Night ($) | 139 | 129 | 149 | 164 | 140 | 130 | | |
| Total Domestic Expenditure ($m) | 509 | 481 | 553 | 665 | 508 | 411 | -4% p.a. | -19% |
| **International** | | | | | | | | |
| Overnight visitors (000's) | 42 | 47 | 45 | 49 | 46 | - | - | - |
| Visitor nights (000's) | 740 | 829 | 882 | 1,067 | 735 | - | - | - |
| Length of stay (nights) | 17.4 | 17.5 | 19.4 | 21.7 | 16.1 | - | | |
| International Overnight Expenditure ($m) | 29 | 48 | 47 | - | 37 | - | - | - |
| International Overnight Spend per Visitor ($) | 690 | 1,017 | 1,032 | - | 811 | - | | |
| International Overnight Spend per Night ($) | 40 | 58 | 53 | - | 50 | - | | |

Sources: National and International Visitor Survey, Regional Expenditure Model, June 2021, Tourism Research Australia, released September 2021.

Regional Tourism Satellite Account 2019-20, Tourism Research Australia, released July 2021.

Note: Figures noted as '-' are under the publishable threshold. AAG = Average Annual Growth. YOY = year-on-year growth

# COVID-19 Impact Model estimates

# Potential impacts of COVID-19 on the Yarra Valley and Dandenong Ranges Visitor Economy

The impact and recovery path for Victoria and its regions (based on 2019 visitor type and origin shares) was based on year ending June 2021 survey data with underlying assumptions formed in October 2021.

This impact model is intended to provide contextual information to generate a framework for understanding the impacts of COVID-19 on Victoria's visitor economy.

Given the evolving nature of the pandemic, estimated impacts will be iterative as new information becomes available. The model is intended to provide an evidence-based approach to decision-making which will help navigate the ambiguous environment based on the multiple variables considered, however is subject to limitations and the estimates derived should be used with caution.

***INTERNAL USE ONLY***

*Not for public distribution*

VICTORIA State Government
Jobs, Precincts and Regions

# COVID-19 Impact Summary

- The projected impact on visitor expenditure in the Yarra Valley and Dandenong Ranges region is a cumulative loss of approximately **$814 million** January 2020 to June 2022. The impact on annual visitor expenditure in the year ending June 2022 is projected to be a $227 million loss. This represents a 29 per cent decline from the pre-crisis total annual visitor spend of $772 million in the year ending December 2019, to an estimated $545 million in the year ending June 2022.
- Under TEVE's modelling base case scenario (assumptions set on 20 October 2021), annual intrastate spend is expected to return to its pre-crisis level by the year ending June 2023, with annual interstate overnight spend back to the pre-crisis expenditure level by the end of 2023, as optimism rebounds about tourism's recovery prospects. However, total visitor spend in Victoria is not expected to return to its pre-COVID-19 level until mid-late 2024 due to a slower projected recovery in international travel.
- **Daytrips** are expected to be the first category to return to pre-crisis levels of activity, driven by strong pent-up demand. Daytrips are expected to return to 100% of pre-pandemic levels in regional Victoria by January 2022. Melbourne is expected to see a return in daytrips to 100% of pre-pandemic levels by June 2022, lagging regional Victoria due to widespread business closures in the city/ greater hesitation to travel to major cities. The return of annual daytrip spend to 100% of pre-pandemic levels will be reflected in the results for the year ending December 2022* (i.e., the point where daytrip spend has been at 100% of the pre-pandemic level for a full year).
- **Intrastate overnight travel** is expected to return at a strong pace post the end of restrictions, with visitation broadly back to 100% of pre-COVID-19 levels by June 2022 due to pent-up demand. Regional Victoria is expected to recover at a faster pace (by January 2022), than Melbourne which is likely have a slower path to recovery due to widespread business closures in the city/ greater hesitation to travel to major cities (anticipated by June 2022). The return to 100% of pre-pandemic levels of annual intrastate overnight spend in Victoria is expected to be reflected in the results for the year ending June 2023*. Whilst intrastate overnight travel is expected to recover faster and earlier than other segments, growth is expected to flatten as interstate and outbound travel return.
- **Interstate overnight travel** is expected to return to 100% of pre-crisis levels by the end of 2022 as borders remain stable and Australians gain further confidence in travel. This will translate into 100% of annual pre-COVID-19 interstate overnight spend level in the year ending December 2023 results*.
- **International overnight visitors** are expected to return to approximately 50-60% of pre-COVID-19 levels by the start of 2023, lifting to 100% by mid-2024. Short-haul markets are expected to return at a faster pace than long-haul markets, except for the United Kingdom which is likely to return at a faster pace due to strong family connections with Victoria/ Australia (visiting friends and relatives' market). China/ Hong Kong /Taiwan are also expected to return to international travel at a slower pace due to ongoing diplomatic tensions, stalled further by China's pursuit of a COVID-zero management approach (this is expected to delay the opening of outbound travel from China). A return to international spend in Victoria to annual pre-pandemic level of approximately 100% is estimated to be broadly reflected in the results for the year ending December 2024*
- The visitor economy in the Yarra Valley and Dandenong Ranges region is expected to suffer cumulative losses in visitor spend of approximately **$831 million** (over period year ending December 2019 to the year ending June 2023). This is largely comprised of the loss in daytrip visitor spend which has been incurred over the past couple of years (a loss of $454 million in domestic daytrip spend is projected from the year ending December 2019 to the year ending June 2022).

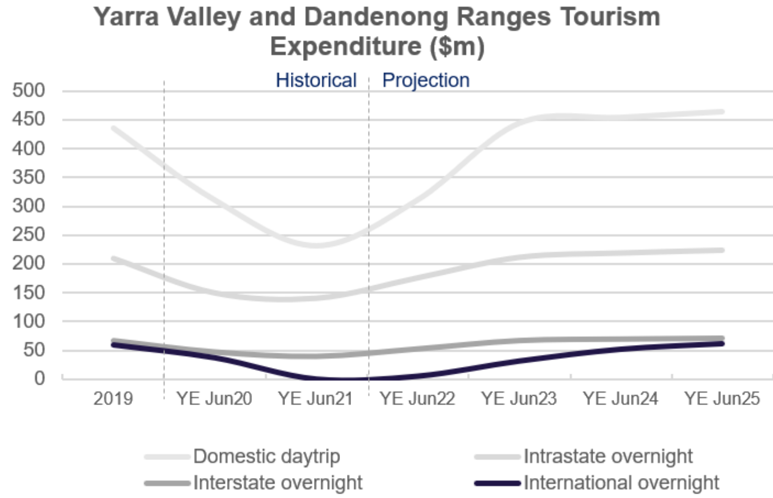
**To note: Domestic and international visitation to Victoria is typically reported by TEVE as year-end results for a 12-month period. As such, there is a lag from when it is expected that visitors/spend will return to 100% of pre-pandemic levels to when this will be translated into year-end results for reporting i.e., visitors/spend need to be maintained at 100% of pre-pandemic levels for approximately 12 months to be reflected in the year end results.*

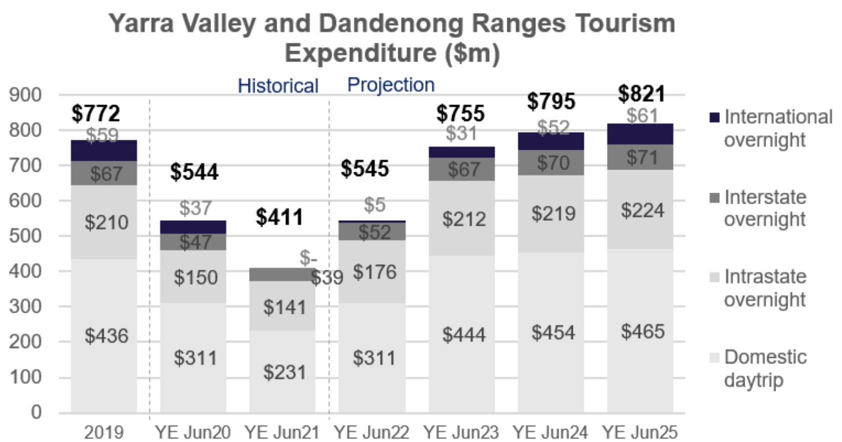
To note: each region's return to pre-crisis levels of activity (2019) will reflect its share of visitors as at the year ending December 2019. Please refer to methodology notes and *Victoria's Visitor Economy Impacts of COVID-19* accompanying document for further information on the underlying assumptions.

# Yarra Valley and Dandenong Ranges

The impact on annual visitor expenditure in the Yarra Valley and Dandenong Ranges region is projected to be a loss of **$227 million** in the year ending June 2022. This represents a 29% decline from the pre-crisis total visitor spend in the Yarra Valley and Dandenong Ranges region of $772 million in the year ending December 2019. The visitor economy in the Yarra Valley and Dandenong Ranges region is expected to suffer cumulative losses in visitor spend due to COVID-19 of approximately $831 million (from the year ending December 2019 to the year ending June 2023).

**Base case scenario**




| difference from YE Dec19 (BAU) | YE Jun20 | YE Jun21 | YE Jun22 | YE Jun23 | YE Jun24 | YE Jun25 |
|---|---|---|---|---|---|---|
| % | -29% | -47% | -29% | -2% | 3% | 6% |
| $ | -$227 | -$360 | -$227 | -$17 | $23 | $49 |

Actuals to year ending June 2021.

BAU = Business as usual (pre crisis period).

# Model limitations

- This impact model is intended to provide contextual information to generate a framework for understanding the impacts of COVID-19 on Victoria's visitor economy. However, given the number of complex variables at play during this global pandemic, it can't predict with certainty what will happen to the sector in the future.
- The model provides an evidence-based approach to decision-making which will help navigate the ambiguous environment based on the multiple variables considered. Estimated impacts will be iterative as new information becomes available and will be dependent on the severity and length of the crisis.
- A number of assumptions have been made about future shifts in the landscape which drive the outputs of the model, for example the timing of borders re-opening etc. These assumptions are not static and are subject to change as the COVID-19 situation evolves.
- The key data drivers of the model are the International and National Visitor Surveys, published by Tourism Research Australia. These are robust, well established surveys which deliver high-quality data and are broadly regarded in the visitor economy as reliable, trustworthy sources of information.
- The model is built on visitor data from the year ending December 2019. Each region's return to pre-crisis levels of activity (2019) will reflect its share of visitors in Victoria as at the year ending December 2019.
- Given the variability of the COVID-19 situation, the historical estimates used in the model may not be representative of the future profile of visitors. For example, the proportion of intrastate / interstate visitors in a region may be boosted during the recovery phase compared to previous levels due to the conversion of outbound travellers to domestic travel. In addition, typical length of stay or expenditure patterns may also be different during the recovery phase compared to the pre-COVID-19 period.

*"All models are wrong, but some are useful."*

**British statistician George Box**

# Appendix

- Data sources
- RTSA definitions
- Profiling definitions
- Data notes – survey information
- COVID-19 – indicative timeline

# Appendix

## Data Sources:

- National Visitor Survey (NVS), year ending June 2021, published by Tourism Research Australia, September 2021
- International Visitor Survey (IVS), year ending June 2021, published by Tourism Research Australia, September 2021
- Regional Tourism Satellite Accounts (RTSA) 2019-20, Tourism Research Australia, Canberra, July 2021
- COVID-19 Recovery Model, Tourism and Events Visitor Economy Branch, Research Unit, Department of Jobs, Precincts and Regions, November 2021.

## RTSA – key definitions

- **Direct contribution of tourism:** The contribution generated by transactions between the visitor and producer for a good or service that involves a direct physical or economic relationship.
- **Indirect contribution of tourism:** The subsequent flow-on effects created by the requirement for inputs from those industries supplying goods and services to visitors. For example, this might include the fresh produce supplied to a hotel and the electricity used. Tourism gross regional product (GRP):
- **Tourism GRP** (the equivalent to Gross State Product (GSP) but at a regional level) is tourism GVA plus net taxes on products that are attributable to the tourism industry. As such GRP will generally have a higher value than GVA. Tourism GRP is a satellite accounting concept that enables direct comparison with the widely recognised national accounting aggregate, gross domestic product (or in this case gross regional product).
- **Tourism gross value added (GVA):** Considered the most accurate measure of the contribution of the industry to the economy. It includes the total labour income and capital revenue received by the industry and the net taxes that government received from the production. This measure is directly comparable with the value added of 'conventional' industries such as mining and manufacturing and can also be used for comparisons across countries.
- **Tourism employment:** Refers to the persons employed in tourism-related industries. Those are industries that would either cease to exist in their present form, or would be significantly affected if tourism were to cease. Tourism consumption: The total value of goods and services consumed by domestic and international visitors in a region. It includes imputed non-market transactions such as estimated rental value of accommodation in self-owned holiday homes; cost to households of food and alcohol in hosting visiting friends and relatives;
- **Tourism output**: The total value of goods and services produced in Australia to satisfy visitor consumption. It is measured in basic prices, so it excludes net taxes on tourism products.

# Appendix

## Key RTSA definitions (continued)

- **Tourism Industry Sectors :** Tourism characteristic industries are defined as those that would either cease to exist in their present form or be significantly affected if tourism were to cease. In the Australian TSA, for an industry to be a country-specific tourism characteristic industry, at least 25 per cent of its output must be consumed by visitors.
- **Tourism connected industries** are those industries not classified as characteristic that have products that are consumed by visitors in volumes that are significant (e.g. Education and training).
- There are 17 different tourism-related industries that make up tourism, 15 of which have been grouped into tourism industry sectors, as displayed in the table below.

| Tourism Industry Sector | Tourism Characteristic Industry | Tourism Connected Industry |
|---|---|---|
| Accommodation | Accommodation<br>Ownership of dwellings | |
| Food services | Cafes, restaurants and takeaway food services<br>Clubs, pubs restaurants and taverns | |
| Transport | Rail transport<br>Taxi transport<br>Other road transport<br>Air, water and other transport<br>Motor vehicle hiring | |
| Education and training | | Education and training |
| Retail trade | | Automotive fuel retailing<br>Other retail trade |
| Recreational activities | Cultural services<br>Casino and gambling services<br>Other sports and recreation services | |
| **Other tourism industries** | | |
| | Travel agency and tour operator services | |
| All other industries | | |

For further information refer to: https://business.vic.gov.au/__data/assets/pdf_file/0008/2017385/Victorian-regional-tourism-satellite-accounts-2019-20.pdf or https://www.tra.gov.au/data-and-research/reports/regional-tourism-satellite-account-2019-20/regional-tourism-satellite-account-2019-20

# Appendix

## Other definitions (continued)

- **Activities:** Individual activities included are cycling, eating out at a restaurant and/or café, fishing, going to pubs, clubs and discos, going to the beach, playing golf, sightseeing/looking around, visiting wineries and visiting friends and/or relatives. The following activities are grouped :

| Grouped activities | Activities included |
|---|---|
| Nature-based | Visit national parks/state parks, visit botanical or other public gardens, go whale or dolphin watching, visit farms, bushwalking/rainforest walks, birdwatching, other outdoor activities (no further detail) and/or visit wildlife parks / zoos / aquariums. |
| Other active outdoor/sports | Scuba diving, snorkelling, water activities/sports, surfing, snow skiing, exercise, gym or swimming and/or play other sports. |
| Cultural | Attend theatre, concerts or other performing arts, visit museums or art galleries, visit art/craft workshops/studios, attend festivals/fairs or cultural events, visit history/heritage buildings, sites or monuments, experience aboriginal art/craft and cultural displays and/or visit an aboriginal site/community. |
| Local tourist attractions | Visit amusements/theme parks, go on guided tours or excursions, tourist trains, visit industrial tourist attractions/mines, charter boat/cruise/ferry, visit or stay on an island and/or visit a health spa/sanctuary/well-being centre. |
| Other food and beverage | Visit farmgates, visit food markets, visit breweries and/or visit distilleries. |
| Shopping/markets | Go shopping for pleasure and/or go to markets. |
| Social activities | Visit casinos, attend an organised sporting event, movies/videos, go on a daytrip to another place, picnics or BBQs and/or attend movies/cinema. |

- **Accommodation:** The top accommodation types are reported however the full list includes:
  - Hotel/resort/motel
  - Serviced apartment
  - Guest house or Bed & Breakfast
  - Rented house/apartment/flat or unit
  - Caravan park or commercial camping ground
  - Other commercial accommodation

  Commercial accommodation

  - Own property
  - Friends or relatives property
  - Caravan or camping - non commercial
  - Private accommodation (not a friend or relative)
  - Other private accommodation
  - Other accommodation

  Private accommodation

# Appendix

## Other definitions (continued)

- **Lifecycles** are defined as follows:

| Lifecycle | Definition |
|---|---|
| Young/midlife single | 15-44 years, young single living at home, midlife single |
| Young/midlife couple, no kids | 15-44 years |
| Parents | Any age, children still living at home |
| Older working | 45+ years, working, married or single |
| Older non-working | 45+ years, non- working, married or single |

# Data notes - survey information

- **National Visitor Survey (NVS):** is conducted with Australians aged 15 years or more by Computer-Assisted Telephone Interviewing (CATI). Phone numbers selected using random digit dialling. Over time, the CATI approach has evolved in response to changes in telecommunications and their usage.
  - Up until 2013, all interviews were conducted via household landline.
  - Between 2014 and 2018, interviews were evenly split between household landline (50%) and mobile phone (50%).
  - From 2019, all interviewing has been conducted via mobile phone.
  - A total of 120,000 respondents are surveyed, including both travellers and non-travellers.

- The relevant recall periods for travellers are: within the last 7 days for daytrips; within the last 28 days for domestic overnight trips; and within the last 3 months for outbound trips. Overnight trips must include at least one night away from home and be a minimum of 40 kilometres from the respondent's usual place of residence. Day trips must have a round trip distance of at least 50 kilometres from the respondent's usual place of residence and a minimum duration of four hours. Day trips taken as part of an overnight trip, or those that are routine (for example, from home to work/school, or an intrinsic part of a person's job), are not collected.
- Respondents interviewed in the NVS are randomly sampled to be representative of the Australian population (NVS trip records are benchmarked to the ABS estimated resident populations according to their age group, gender and place of residence).

- *To note: the transition of NVS sampling to 100% mobile phone interviewing in 2019 has improved the accuracy of national, state and territory estimates. However, this shift has resulted in an unavoidable break in series between 2018 and 2019 NVS data and caution should be used when making comparisons between 2019 and previous estimates and data releases.*

# Data notes – survey information

- **International Visitor Survey (IVS):** is conducted with short-term visitors (less than one year) aged 15 years or more who depart Australia through one of the major international airports. The survey is conducted with 40,000 international visitors per annum, using Computer-Assisted Personal Interviewing, with interviews conducted in English, Japanese, Korean and Mandarin. Survey results are weighted to data on international visitor numbers over the period, provided by the Department of Immigration and Citizenship (DIAC), with the assistance of the Australian Bureau of Statistics (ABS). The data is weighted to be representative of country of residence, state of arrival, main purpose of journey, departure airport, age and sex

  *IVS interviewing at Australian airports has been temporarily suspended from April 2020 as a result of travel restrictions, in place due to COVID-19, which have stopped most international passenger flows into and out of Australia.*

- To note: Education visitors that are captured in visitor economy statistics from the International Visitor Survey (IVS), produced by Tourism Research Australia, are defined as those that stay in Australia for less than one continuous year and stated that their purpose for visiting was education. This will include students studying courses that exit and return to Australia within a year (i.e. that travel for a break home whilst completing a degree). As such, not all international students are incorporated in this definition i.e. they will not be included if they do not leave Australia within a year.

- The expenditure estimates captured for Education visitors to Victoria in the IVS include items such as course fees, accommodation, retail and other expenses (i.e. food/ transport costs etc).

- The Education visitor estimates from the IVS are different to the estimates used within the international education sector.

- Estimates produced as part of the IVS and NVS are based on a sample, rather than a census. As such, the results are subject to sampling variability.

- The NVS and IVS surveys are co-funded by the Commonwealth and DJPR, as well as all other state and territory governments. Results are published quarterly.

# Indicative timeline* – Victoria's COVID-19 lockdowns

## 2020

JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC

**Lockdown 1: 43 days**
(31 Mar to 12 May)

**Lockdown 2: 111 days**
(9 Jul to 27 Oct)

## Other indicative milestones*

11 Mar: WHO declares the outbreak a pandemic

16 Mar: Victorian Government declares State of Emergency

1 - 21 Jun People can stay in holiday homes and attend tourist accommodation

29 Jun – lockdown for 36 Melbourne postcodes

2 Aug -Stage 4 restrictions in Metropolitan Melbourne /Mitchell Shire

16 Sep - travel permitted throughout Regional Victoria

9 Nov – ring of steel between Regional Victoria and Melbourne lifted

## 2021

JAN
FEB
MAR
APR
MAY
JUN
JUL
AUG
SEP
OCT
NOV
DEC

**Lockdown 3: 5 days (circuit breaker)**
(13 -17 Feb)

Regional Victoria also in lockdown

**Lockdown 4: 14 days (circuit breaker)**
(28 May – 10 Jun)

4 June Regional Victoria restrictions eased

**Lockdown 5: 12 days (circuit breaker)**
(16 Jul – 27 Jul)

**START OF DELTA OUTBREAK**

**Lockdown 6: 77 days**
(5 Aug – 21 Oct)

10 Sep - Regional Victoria restrictions eased except for Greater Geelong and Shepparton
16 Sep - restrictions eased in Shepparton, Ballarat in snap 7 day lockdown
20 Sep - Mitchell Shire, Geelong & Surf Coast started a snap 7 day lockdown
2 Oct - Greater Shepparton entered a 7 day snap lockdown
9 Oct - Mildura entered a 7 day snap lockdown

**TOTAL MELBOURNE LOCKDOWN: 262 days**

**Late November: Omicron variant detected**

*Indicative timings - please use as a guide only. Information collated from Department of Health and Human Services | Coronavirus Vic | ABC News | Parliament of Victoria

# COVID-19 Impact Model Project Working Group

**The underlying assumptions driving the impact model were collectively devised by this group**

- **Tourism and Events Visitor Economy Branch, Research Unit, DJPR**
- Denise Ulbrick, Manager Research
- Nicole Healy, Senior Research Officer
- Philippa Hamilton, Senior Research and Strategy Officer (part-time)
- Jacinta Hurst, Senior Research and Strategy Officer (part-time)
- Ruhani Paranthaman, Graduate Analyst

**Visit Victoria, Research Team**

- Julian Major, Head of Consumer Insights
- Kellyn Ho, Consumer Insights Coordinator
- Benjamin Rigby, Coordinator, Research and Insights

VICTORIA State Government | Jobs, Precincts and Regions

**Report produced by the Tourism, Events and Visitor Economy (TEVE) Research Unit**

**Department of Jobs, Precincts and Regions**

**Victorian Government**

Report produced in January 2022

Estimates are based on the information available at the time and are subject to change/ variance.

Due care is taken in the production of this report, however DJPR accepts no responsibility for use of this information.

Please contact: research@ecodev.vic.gov.au with any queries.

VICTORIA State Government | Jobs, Precincts and Regions