



# Destination Visitor Survey) Strategic Regional Research - Murray River region ) (New South Wales, Victoria and South Australia)

## Impact of the drought on tourism in the Murray River region: Summary of results

This research was commissioned to better understand the impact that the current drought is having on tourism in the Murray River region, in terms of both economic impact and the perceptions of potential and actual visitors to the region.

The Murray River region of New South Wales, Victoria and South Australia has long been a popular regional tourism destination. In 2008, there were 3.9 million day visitors and 2.8 million overnight visitors to the Murray River region, generating direct expenditure of \$1.41 billion to the region. The Murray River region represents a sizeable tourism destination in South Australia, capturing 17% of total direct regional tourism expenditure in the state. In Victoria, the Murray River region captures 12% of total regional tourism expenditure and 3% in New South Wales.

**Figure 1 Murray River regions (as presented to survey respondents)**



Visitors are attracted to the region largely because of the Murray River and the recreational opportunities it supports. The Murray River is Australia's longest river and an iconic natural attraction that stretches over 2,500 km across three states; it is also home to a number of key ecological sites and attractions. Activities along the river include house boating, paddle boats, water sports, fishing and golfing.

There is, however, growing concern from many tourism operators in the region that the real or perceived impacts of the drought on recreational opportunities have significantly reduced tourism in the area.

Based on survey results from this study, the drought appears to have adversely impacted on overnight visitation and duration of stay in the Murray River region compared to other tourism outcomes (e.g. day trips and average expenditure per day). The magnitude of these impacts was found to vary from area to area within the Murray River region.

In particular, the following impacts were identified:

- overnight visits to the Murray River region have declined on average by 2.2% per annum over the period 1999–2008, compared with average declines of 1.3% for comparable regions
- around 20% of survey respondents who had visited the Murray River region indicated that the drought has impacted on their travel behaviour. As a result of the drought, it is estimated that 9% of past visitors have visited the Murray River region less often, 5% reduced their duration of stay, 5% reduced expenditures and 2% no longer visit
- around 12% of the survey target audience were people that had never visited the Murray and rejected the possibility of visiting the Murray within the next 5 years. Of these, 22% indicated that drought is one of the factors contributing to their lack of interest in visiting the Murray River region in the next 5 years.

Economic modelling carried out for this study estimates that the drought may have resulted in a fall in direct tourism expenditure of \$69.9 million (in 2008 dollars) in 2008. If the drought had not occurred, it is estimated that total tourism expenditure in the Murray River region would be 5.1% higher than actual levels in 2008. Over the entire drought period (1999–2008), a reduction in direct spending of \$351.4 million is estimated to have occurred.

In terms of wider economic impact (i.e. the direct and flow-on impacts), Gross Regional Product (GRP) is \$91.4 million lower in 2008 relative to a hypothetical 'No drought' scenario. Throughout the period between 1999 and 2008, the total reduction in GRP is estimated to be \$461 million, resulting in approximately 596 fewer full-time equivalent jobs in the region.

From a state-by-state perspective, 46% of the GRP impact between 1999 and 2008 has occurred in the Victorian parts of the Murray River region, 29% in the South Australian parts of the Murray and 25% in New South Wales.

### Economic impact to the Murray River region due to the drought

	Absolute change in GRP for 2008 (\$m)	Cumulative change in GRP 1999-2008 (\$m)	Average annual change in FTE employment
Victoria	-40.3m	-210.2m	-265
South Australia	-28.5m	-133.6m	-192
New South Wales	-22.6m	-117.0m	-140
<b>Murray total)</b>	<b>-91.4m)</b>	<b>-460.8m)</b>	<b>-596</b>

With the drought likely to continue, so too will the adverse economic impacts of the drought on tourism; it is estimated that GRP in the Murray River region would be \$193 million lower in 2018, and \$1.5 billion lower between 2009 and 2018 when compared against a 'No drought' scenario. There would also be around 1,919 fewer jobs on average per annum in the Murray River region relative to the 'No drought' scenario. As with any projections of this nature and duration, these forecasts should be viewed with caution.

## Projected wider economic impacts of the drought: Murray River region

	Absolute change in GRP by 2018 (\$m)	Cumulative change in GRP 2009-2018 (\$m)	Average annual difference in jobs (FTE)
Victoria	-73.5m	-594.3m	-750
South Australia	-76.8m	-533.8m	-765
New South Wales	-42.3m	-338.7m	-404
<b>Murray total)</b>	<b>-192.6m)</b>	<b>-1,466.8m)</b>	<b>-1,919)</b>

Despite the drought-impacted conditions of the Murray River, most parts of the Murray River are still at or near capacity and continue to provide opportunities for recreation. There is currently a concern amongst some stakeholders that visitors have been avoiding the Murray River region altogether because of their perceptions of how the drought has impacted the range of activities and offerings that can still be pursued. These perceptions may not be accurate, i.e. not reflecting the actual recreation opportunities along the River.

Analysis of the potential impact of current inaccurate perceptions of the drought on tourism to the Murray River region suggests that this could be in the order of \$22 million in lost economic activity to the region over the next decade.

This summary is extracted from research conducted by Tourism Research Australia in partnership with Ernst & Young and Quantum Market Research. For the full Strategic Regional Research reports, please email [tourism.research@ret.gov.au](mailto:tourism.research@ret.gov.au).

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Image courtesy of South Australian Tourism Commission

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